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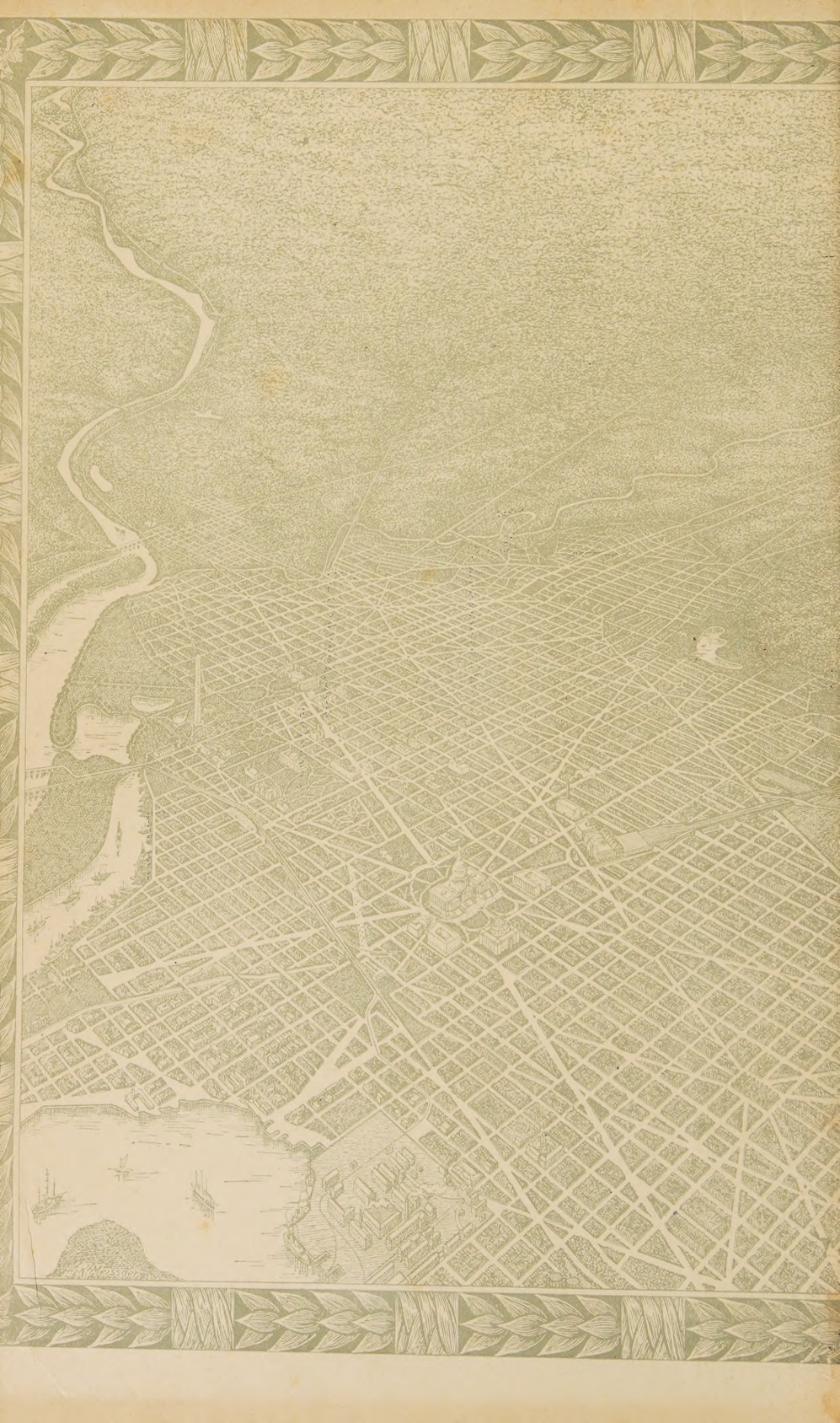
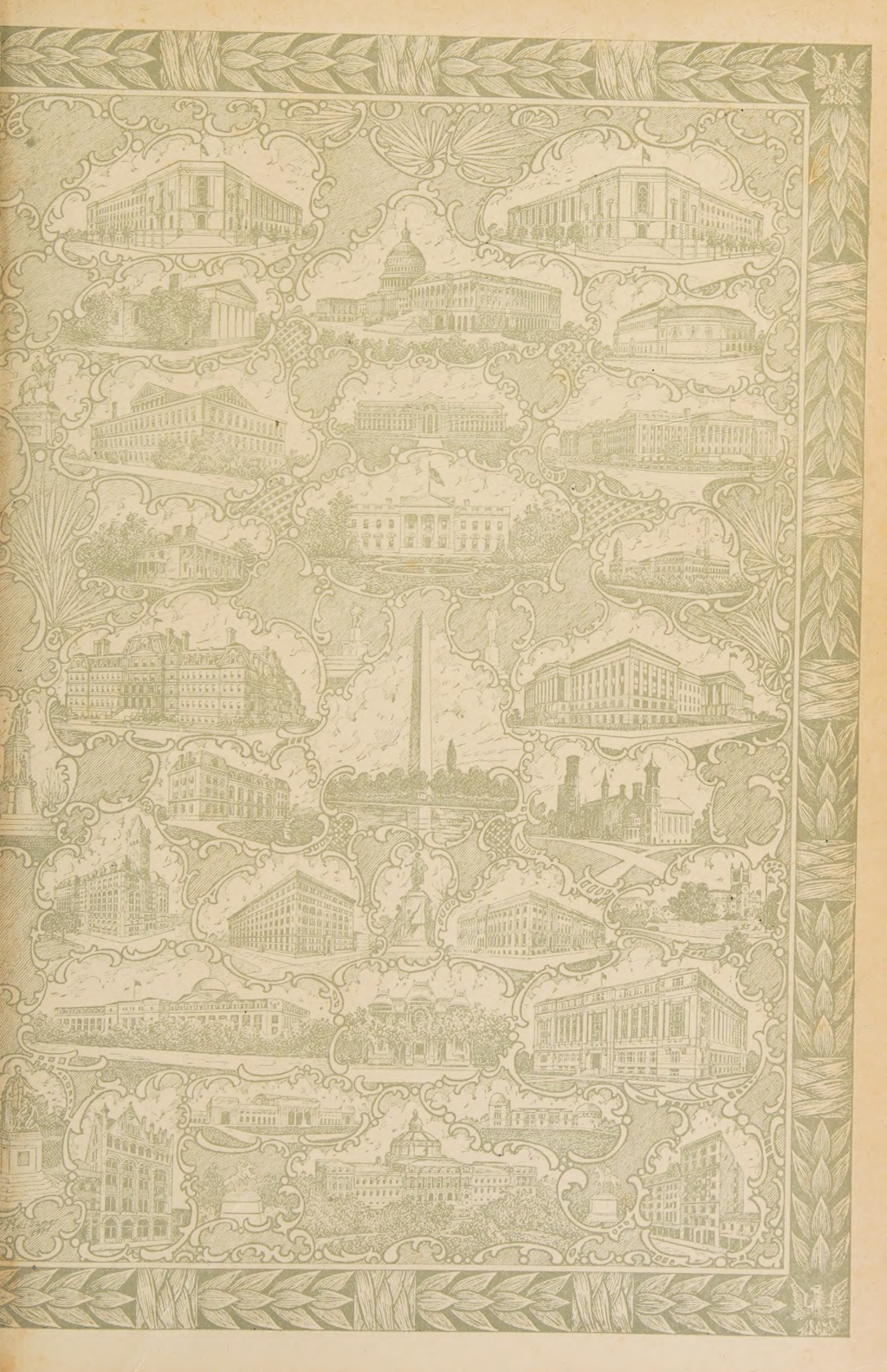
THE PRESIDENTS





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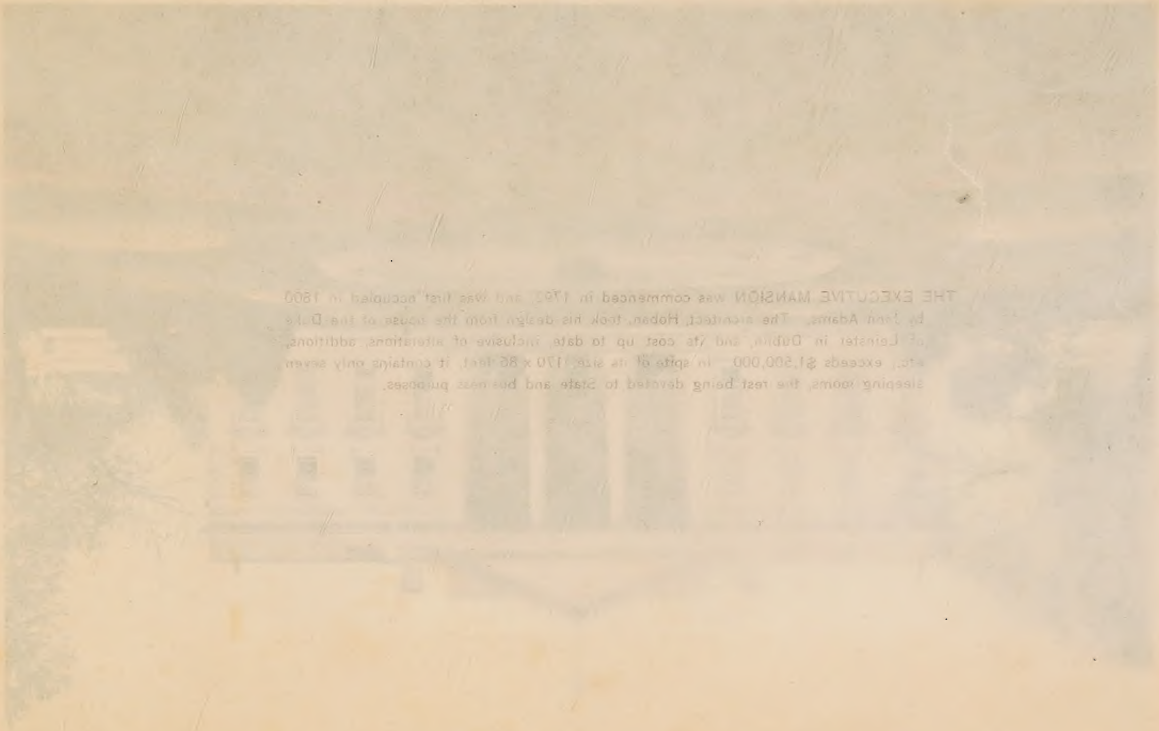
White House

THE EXECUTIVE MANSION was commenced in 1792, and was first occupied in 1800 by John Adams. The architect, Hoban, took his design from the house of the Duke of Leinster in Dublin, and its cost up to date, inclusive of alterations, additions, etc., exceeds $1,500,000. In spite of its size, 170 x 86 feet, it contains only seven sleeping rooms, the rest being devoted to State and business purposes.



A COMPILATION

OF THE

MESSAGES AND PAPERS

OF THE

PRESIDENTS

Prepared Under the Direction of the Joint Committee
on Printing, of the House and Senate,
Pursuant to an Act of the Fifty-Second Congress
of the United States

(With Additions and Encyclopedic Index
by Private Enterprise)

VOLUME X

PUBLISHED BY

BUREAU OF NATIONAL LITERATURE

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hour day should as rapidly and as far as practicable be extended to the entire work being carried on by the Government; the present law should be amended to embrace contracts on those public works which the present wording of the act seems to exclude.

THE COURTS.

I most earnestly urge upon the Congress the duty of increasing the totally inadequate salaries now given to our Judges. On the whole there is no body of public servants who do as valuable work, nor whose moneyed reward is so inadequate compared to their work. Beginning with the Supreme Court, the Judges should have their salaries doubled. It is not befitting the dignity of the Nation that its most honored public servants should be paid sums so small compared to what they would earn in private life that the performance of public service by them implies an exceedingly heavy pecuniary sacrifice.

It is earnestly to be desired that some method should be devised for doing away with the long delays which now obtain in the administration of justice, and which operate with peculiar severity against persons of small means, and favor only the very criminals whom it is most desirable to punish. These long delays in the final decisions of cases make in the aggregate a crying evil; and a remedy should be devised. Much of this intolerable delay is due to improper regard paid to technicalities which are a mere hindrance to justice. In some noted recent cases this over-regard for technicalities has resulted in a striking denial of justice, and flagrant wrong to the body politic.

At the last election certain leaders of organized labor made a violent and sweeping attack upon the entire judiciary of the country, an attack couched in such terms as to include the most upright, honest and broad-minded judges, no less than those of narrower mind and more restricted outlook. It was the kind of attack admirably fitted to prevent any successful attempt to reform abuses of the judiciary, because it gave the champions of the unjust judge their eagerly desired opportunity to shift their ground into a championship of just judges who were unjustly assailed. Last year, before the House Committee on the Judiciary, these same labor leaders formulated their demands, specifying the bill that contained them, refusing all compromise, stating they wished the principle of that bill or nothing. They insisted on a provision that in a labor dispute no injunction should issue except to protect a property right, and specifically provided that the right to carry on business should not be construed as a property right; and in a second provision their bill made legal in a labor dispute any act or agreement by or between two or more persons that would not have been unlawful if done by a single person. In other words, this bill legalized blacklisting and boycotting in every form, legalizing, for instance, those forms of the second-

ary boycott which the anthracite coal strike commission so unreservedly condemned; while the right to carry on a business was explicitly taken out from under that protection which the law throws over property. The demand was made that there should be trial by jury in contempt cases, thereby most seriously impairing the authority of the courts. All this represented a course of policy which, if carried out, would mean the enthronement of class privilege in its crudest and most brutal form, and the destruction of one of the most essential functions of the judiciary in all civilized lands.

The violence of the crusade for this legislation, and its complete failure, illustrate two truths which it is essential our people should learn. In the first place, they ought to teach the workingman, the laborer, the wageworker, that by demanding what is improper and impossible he plays into the hands of his foes. Such a crude and vicious attack upon the courts, even if it were temporarily successful, would inevitably in the end cause a violent reaction and would band the great mass of citizens together, forcing them to stand by all the judges, competent and incompetent alike, rather than to see the wheels of justice stopped. A movement of this kind can ultimately result in nothing but damage to those in whose behalf it is nominally undertaken. This is a most healthy truth, which it is wise for all our people to learn. Any movement based on that class hatred which at times assumes the name of "class consciousness" is certain ultimately to fail, and if it temporarily succeeds, to do far-reaching damage. "Class consciousness," where it is merely another name for the odious vice of class selfishness, is equally noxious whether in an employer's association or in a workingman's association. The movement in question was one in which the appeal was made to all workingmen to vote primarily, not as American citizens, but as individuals of a certain class in society. Such an appeal in the first place revolts the more high-minded and far-sighted among the persons to whom it is addressed, and in the second place tends to arouse a strong antagonism among all other classes of citizens, whom it therefore tends to unite against the very organization on whose behalf it is issued. The result is therefore unfortunate from every standpoint. This healthy truth, by the way, will be learned by the socialists if they ever succeed in establishing in this country an important national party based on such class consciousness and selfish class interest.

The wageworkers, the workingmen, the laboring men of the country, by the way in which they repudiated the effort to get them to cast their votes in response to an appeal to class hatred, have emphasized their sound patriotism and Americanism. The whole country has cause to feel pride in this attitude of sturdy independence, in this uncompromising insistence upon acting simply as good citizens, as

good Americans, without regard to fancied—and improper—class interests. Such an attitude is an object-lesson in good citizenship to the entire nation.

But the extreme reactionaries, the persons who blind themselves to the wrongs now and then committed by the courts on laboring men, should also think seriously as to what such a movement as this portends. The judges who have shown themselves able and willing effectively to check the dishonest activity of the very rich man who works iniquity by the mismanagement of corporations, who have shown themselves alert to do justice to the wageworker, and sympathetic with the needs of the mass of our people, so that the dweller in the tenement houses, the man who practices a dangerous trade, the man who is crushed by excessive hours of labor, feel that their needs are understood by the courts—these judges are the real bulwark of the courts; these judges, the judges of the stamp of the President-elect, who have been fearless in opposing labor when it has gone wrong, but fearless also in holding to strict account corporations that work iniquity, and far-sighted in seeing that the workingman gets his rights, are the men of all others to whom we owe it that the appeal for such violent and mistaken legislation has fallen on deaf ears, that the agitation for its passage proved to be without substantial basis. The courts are jeopardized primarily by the action of those Federal and State judges who show inability or unwillingness to put a stop to the wrongdoing of very rich men under modern industrial conditions, and inability or unwillingness to give relief to men of small means or wageworkers who are crushed down by these modern industrial conditions; who, in other words, fail to understand and apply the needed remedies for the new wrongs produced by the new and highly complex social and industrial civilization which has grown up in the last half century.

The rapid changes in our social and industrial life which have attended this rapid growth have made it necessary that, in applying to concrete cases the great rule of right laid down in our Constitution, there should be a full understanding and appreciation of the new conditions to which the rules are to be applied. What would have been an infringement upon liberty half a century ago may be the necessary safeguard of liberty to-day. What would have been an injury to property then may be necessary to the enjoyment of property now. Every judicial decision involves two terms—one, as interpretation of the law; the other, the understanding of the facts to which it is to be applied. The great mass of our judicial officers are, I believe, alive to those changes of conditions which so materially affect the performance of their judicial duties. Our judicial system is sound and effective at core, and it remains, and must ever be maintained, as the safeguard of those principles of liberty and justice which stand

at the foundation of American institutions; for, as Burke finely said, when liberty and justice are separated, neither is safe. There are, however, some members of the judicial body who have lagged behind in their understanding of these great and vital changes in the body politic, whose minds have never been opened to the new applications of the old principles made necessary by the new conditions. Judges of this stamp do lasting harm by their decisions, because they convince poor men in need of protection that the courts of the land are profoundly ignorant of and out of sympathy with their needs, and profoundly indifferent or hostile to any proposed remedy. To such men it seems a cruel mockery to have any court decide against them on the ground that it desires to preserve "liberty" in a purely technical form, by withholding liberty in any real and constructive sense. It is desirable that the legislative body should possess, and wherever necessary exercise, the power to determine whether in a given case employers and employees are not on an equal footing, so that the necessities of the latter compel them to submit to such exactions as to hours and conditions of labor as unduly to tax their strength; and only mischief can result when such determination is upset on the ground that there must be no "interference with the liberty to contract"—often a merely academic "liberty," the exercise of which is the negation of real liberty.

There are certain decisions by various courts which have been exceedingly detrimental to the rights of wageworkers. This is true of all the decisions that decide that men and women are, by the Constitution, "guaranteed their liberty" to contract to enter a dangerous occupation, or to work an undesirable or improper number of hours, or to work in unhealthy surroundings; and therefore can not recover damages when maimed in that occupation and can not be forbidden to work what the legislature decides is an excessive number of hours, or to carry on the work under conditions which the legislature decides to be unhealthy. The most dangerous occupations are often the poorest paid and those where the hours of work are longest; and in many cases those who go into them are driven by necessity so great that they have practically no alternative. Decisions such as those alluded to above nullify the legislative effort to protect the wageworkers who most need protection from those employers who take advantage of their grinding need. They halt or hamper the movement for securing better and more equitable conditions of labor. The talk about preserving to the misery-hunted beings who make contracts for such service their "liberty" to make them, is either to speak in a spirit of heartless irony or else to show an utter lack of knowledge of the conditions of life among the great masses of our fellow-countrymen, a lack which unfits a judge to do good service just as it would unfit any executive or legislative officer.

There is also, I think, ground for the belief that substantial injustice is often suffered by employees in consequence of the custom of courts issuing temporary injunctions without notice to them, and punishing them for contempt of court in instances where, as a matter of fact, they have no knowledge of any proceedings. Outside of organized labor there is a widespread feeling that this system often works great injustice to wageworkers when their efforts to better their working condition result in industrial disputes. A temporary injunction procured ex parte may as a matter of fact have all the effect of a permanent injunction in causing disaster to the wageworkers' side in such a dispute. Organized labor is chafing under the unjust restraint which comes from repeated resort to this plan of procedure. Its discontent has been unwisely expressed, and often improperly expressed, but there is a sound basis for it, and the orderly and law-abiding people of a community would be in a far stronger position for upholding the courts if the undoubtedly existing abuses could be provided against.

Such proposals as those mentioned above as advocated by the extreme labor leaders contain the vital error of being class legislation of the most offensive kind, and even if enacted into law I believe that the law would rightly be held unconstitutional. Moreover, the labor people are themselves now beginning to invoke the use of the power of injunction. During the last ten years, and within my own knowledge, at least fifty injunctions have been obtained by labor unions in New York City alone, most of them being to protect the union label (a "property right"), but some being obtained for other reasons against employers. The power of injunction is a great equitable remedy, which should on no account be destroyed. But safeguards should be erected against its abuse. I believe that some such provisions as those I advocated a year ago for checking the abuse of the issuance of temporary injunctions should be adopted. In substance, provision should be made that no injunction or temporary restraining order issue otherwise than on notice, except where irreparable injury would otherwise result; and in such case a hearing on the merits of the order should be had within a short fixed period, and, if not then continued after hearing, it should forthwith lapse. Decisions should be rendered immediately, and the chance of delay minimized in every way. Moreover, I believe that the procedure should be sharply defined, and the judge required minutely to state the particulars both of his action and of his reasons therefor, so that the Congress can, if it desires, examine and investigate the same.

The chief lawmakers in our country may be, and often are, the judges, because they are the final seat of authority. Every time they interpret contract, property, vested rights, due process of law, liberty, they necessarily enact into law parts of a system of social philoso-

phy; and as such interpretation is fundamental, they give direction to all law-making. The decisions of the courts on economic and social questions depend upon their economic and social philosophy; and for the peaceful progress of our people during the twentieth century we shall owe most to those judges who hold to a twentieth century economic and social philosophy and not to a long outgrown philosophy, which was itself the product of primitive economic conditions. Of course a judge's views on progressive social philosophy are entirely second in importance to his possession of a high and fine character; which means the possession of such elementary virtues as honesty, courage, and fairmindedness. The judge who owes his election to pandering to demagogic sentiments or class hatreds and prejudices, and the judge who owes either his election or his appointment to the money or the favor of a great corporation, are alike unworthy to sit on the bench, are alike traitors to the people; and no profundity of legal learning, or correctness of abstract conviction on questions of public policy, can serve as an offset to such shortcomings. But it is also true that judges, like executives and legislators, should hold sound views on the questions of public policy which are of vital interest to the people.

The legislators and executives are chosen to represent the people in enacting and administering the laws. The judges are not chosen to represent the people in this sense. Their function is to interpret the laws. The legislators are responsible for the laws; the judges for the spirit in which they interpret and enforce the laws. We stand aloof from the reckless agitators who would make the judges mere pliant tools of popular prejudice and passion; and we stand aloof from those equally unwise partisans of reaction and privilege who deny the proposition that, inasmuch as judges are chosen to serve the interests of the whole people, they should strive to find out what those interests are, and, so far as they conscientiously can, should strive to give effect to popular conviction when deliberately and duly expressed by the lawmaking body. The courts are to be highly commended and staunchly upheld when they set their faces against wrongdoing or tyranny by a majority; but they are to be blamed when they fail to recognize under a government like ours the deliberate judgment of the majority as to a matter of legitimate policy, when duly expressed by the legislature. Such lawfully expressed and deliberate judgment should be given effect by the courts, save in the extreme and exceptional cases where there has been a clear violation of a constitutional provision. Anything like frivolity or wantonness in upsetting such clearly taken governmental action is a grave offense against the Republic. To protest against tyranny, to protect minorities from oppression, to nullify an act committed in a spasm of popular fury, is to render a service to the Republic. But

for the courts to arrogate to themselves functions which properly belong to the legislative bodies is all wrong, and in the end works mischief. The people should not be permitted to pardon evil and slipshod legislation on the theory that the court will set it right; they should be taught that the right way to get rid of a bad law is to have the legislature repeal it, and not to have the courts by ingenious hair-splitting nullify it. A law may be unwise and improper; but it should not for these reasons be declared unconstitutional by a strained interpretation, for the result of such action is to take away from the people at large their sense of responsibility and ultimately to destroy their capacity for orderly self restraint and self government. Under such a popular government as ours, founded on the theory that in the long run the will of the people is supreme, the ultimate safety of the Nation can only rest in training and guiding the people so that what they will shall be right, and not in devising means to defeat their will by the technicalities of strained construction.

For many of the shortcomings of justice in our country our people as a whole are themselves to blame, and the judges and juries merely bear their share together with the public as a whole. It is discreditable to us as a people that there should be difficulty in convicting murderers, or in bringing to justice men who as public servants have been guilty of corruption, or who have profited by the corruption of public servants. The result is equally unfortunate, whether due to hairsplitting technicalities in the interpretation of law by judges, to sentimentality and class consciousness on the part of juries, or to hysteria and sensationalism in the daily press. For much of this failure of justice no responsibility whatever lies on rich men as such. We who make up the mass of the people can not shift the responsibility from our own shoulders. But there is an important part of the failure which has specially to do with inability to hold to proper account men of wealth who behave badly.

The chief breakdown is in dealing with the new relations that arise from the mutualism, the interdependence of our time. Every new social relation begets a new type of wrongdoing—of sin, to use an old-fashioned word—and many years always elapse before society is able to turn this sin into crime which can be effectively punished at law. During the lifetime of the older men now alive the social relations have changed far more rapidly than in the preceding two centuries. The immense growth of corporations, of business done by associations, and the extreme strain and pressure of modern life, have produced conditions which render the public confused as to who its really dangerous foes are; and among the public servants who have not only shared this confusion, but by some of their acts have increased it, are certain judges. Marked inefficiency has been

shown in dealing with corporations and in re-settling the proper attitude to be taken by the public not only towards corporations, but towards labor and towards the social questions arising out of the factory system and the enormous growth of our great cities.

The huge wealth that has been accumulated by a few individuals of recent years, in what has amounted to a social and industrial revolution, has been as regards some of these individuals made possible only by the improper use of the modern corporation. A certain type of modern corporation, with its officers and agents, its many issues of securities, and its constant consolidation with allied undertakings, finally becomes an instrument so complex as to contain a greater number of elements that, under various judicial decisions, lend themselves to fraud and oppression than any device yet evolved in the human brain. Corporations are necessary instruments of modern business. They have been permitted to become a menace largely because the governmental representatives of the people have worked slowly in providing for adequate control over them.

The chief offender in any given case may be an executive, a legislature, or a judge. Every executive head who advises violent, instead of gradual, action, or who advocates ill-considered and sweeping measures of reform (especially if they are tainted with vindictiveness and disregard for the rights of the minority) is particularly blameworthy. The several legislatures are responsible for the fact that our laws are often prepared with slovenly haste and lack of consideration. Moreover, they are often prepared, and still more frequently amended during passage, at the suggestion of the very parties against whom they are afterwards enforced. Our great clusters of corporations, huge trusts and fabulously wealthy multimillionaires, employ the very best lawyers they can obtain to pick flaws in these statutes after their passage; but they also employ a class of secret agents who seek, under the advice of experts, to render hostile legislation innocuous by making it unconstitutional, often through the insertion of what appear on their face to be drastic and sweeping provisions against the interests of the parties inspiring them; while the demagogues, the corrupt creatures who introduce blackmailing schemes to "strike" corporations, and all who demand extreme, and undesirably radical, measures, show themselves to be the worst enemies of the very public whose loud-mouthed champions they profess to be. A very striking illustration of the consequences of carelessness in the preparation of a statute was the employers' liability law of 1906. In the cases arising under that law, four out of six courts of first instance held it unconstitutional; six out of nine justices of the Supreme Court held that its subject-matter was within the province of congressional action; and four of the nine justices held it valid. It was, however, adjudged unconstitutional by a bare

majority of the court—five to four. It was surely a very slovenly piece of work to frame the legislation in such shape as to leave the question open at all.

Real damage has been done by the manifold and conflicting interpretations of the interstate commerce law. Control over the great corporations doing interstate business can be effective only if it is vested with full power in an administrative department, a branch of the Federal executive, carrying out a Federal law; it can never be effective if a divided responsibility is left in both the States and the Nation; it can never be effective if left in the hands of the courts to be decided by lawsuits.

The courts hold a place of peculiar and deserved sanctity under our form of government. Respect for the law is essential to the permanence of our institutions; and respect for the law is largely conditioned upon respect for the courts. It is an offense against the Republic to say anything which can weaken this respect, save for the gravest reason and in the most carefully guarded manner. Our judges should be held in peculiar honor; and the duty of respectful and truthful comment and criticism, which should be binding when we speak of anybody, should be especially binding when we speak of them. On an average they stand above any other servants of the community, and the greatest judges have reached the high level held by those few greatest patriots whom the whole country delights to honor. But we must face the fact that there are wise and unwise judges, just as there are wise and unwise executives and legislators. When a president or a governor behaves improperly or unwisely, the remedy is easy, for his term is short; the same is true with the legislator, although not to the same degree, for he is one of many who belong to some given legislative body, and it is therefore less easy to fix his personal responsibility and hold him accountable therefor. With a judge, who, being human, is also likely to err, but whose tenure is for life, there is no similar way of holding him to responsibility. Under ordinary conditions the only forms of pressure to which he is in any way amenable are public opinion and the action of his fellow judges. It is the last which is most immediately effective, and to which we should look for the reform of abuses. Any remedy applied from without is fraught with risk. It is far better, from every standpoint, that the remedy should come from within. In no other nation in the world do the courts wield such vast and far-reaching power as in the United States. All that is necessary is that the courts as a whole should exercise this power with the farsighted wisdom already shown by those judges who scan the future while they act in the present. Let them exercise this great power not only honestly and bravely, but with wise insight into the needs and fixed purposes of the people, so that they may do

justice and work equity, so that they may protect all persons in their rights, and yet break down the barriers of privilege, which is the foe of right.

FORESTS.

If there is any one duty which more than another we owe it to our children and our children's children to perform at once, it is to save the forests of this country, for they constitute the first and most important element in the conservation of the natural resources of the country. There are of course two kinds of natural resources. One is the kind which can only be used as part of a process of exhaustion; this is true of mines, natural oil and gas wells, and the like. The other, and of course ultimately by far the most important, includes the resources which can be improved in the process of wise use; the soil, the rivers, and the forests come under this head. Any really civilized nation will so use all of these three great national assets that the nation will have their benefit in the future. Just as a farmer, after all his life making his living from his farm, will, if he is an expert farmer, leave it as an asset of increased value to his son, so we should leave our national domain to our children, increased in value and not worn out. There are small sections of our own country, in the East and the West, in the Adriondacks, the White Mountains, and the Appalachians, and in the Rocky Mountains, where we can already see for ourselves the damage in the shape of permanent injury to the soil and the river systems which comes from reckless deforestation. It matters not whether this deforestation is due to the actual reckless cutting of timber, to the fires that inevitably follow such reckless cutting of timber, or to reckless and uncontrolled grazing, especially by the great migratory bands of sheep, the unchecked wandering of which over the country means destruction to forests and disaster to the small home makers, the settlers of limited means.

Shortsighted persons, or persons blinded to the future by desire to make money in every way out of the present, sometimes speak as if no great damage would be done by the reckless destruction of our forests. It is difficult to have patience with the arguments of these persons. Thanks to our own recklessness in the use of our splendid forests, we have already crossed the verge of a timber famine in this country, and no measures that we now take can, at least for many years, undo the mischief that has already been done. But we can prevent further mischief being done; and it would be in the highest degree reprehensible to let any consideration of temporary convenience or temporary cost interfere with such action, especially as regards the National Forests which the nation can *now*, at this very moment, control.

All serious students of the question are aware of the great damage that has been done in the Mediterranean countries of Europe, Asia,

and Africa by deforestation. The similar damage that has been done in Eastern Asia is less well known. A recent investigation into conditions in North China by Mr. Frank N. Meyer, of the Bureau of Plant Industry of the United States Department of Agriculture, has incidentally furnished in very striking fashion proof of the ruin that comes from reckless deforestation of mountains, and of the further fact that the damage once done may prove practically irreparable. So important are these investigations that I herewith attach as an appendix to my message certain photographs showing present conditions in China. They show in vivid fashion the appalling desolation, taking the shape of barren mountains and gravel- and sand-covered plains, which immediately follows and depends upon the deforestation of the mountains. Not many centuries ago the country of northern China was one of the most fertile and beautiful spots in the entire world, and was heavily forested. We know this not only from the old Chinese records, but from the accounts given by the traveler, Marco Polo. He, for instance, mentions that in visiting the provinces of Shansi and Shensi he observed many plantations of mulberry trees. Now there is hardly a single mulberry tree in either of these provinces, and the culture of the silkworm has moved farther south, to regions of atmospheric moisture. As an illustration of the complete change in the rivers, we may take Polo's statement that a certain river, the Hun Ho, was so large and deep that merchants ascended it from the sea with heavily laden boats; today this river is simply a broad sandy bed, with shallow, rapid currents wandering hither and thither across it, absolutely unnavigable. But we do not have to depend upon written records. The dry wells, and the wells with water far below the former watermark, bear testimony to the good days of the past and the evil days of the present. Wherever the native vegetation has been allowed to remain, as, for instance, here and there around a sacred temple or imperial burying ground, there are still huge trees and tangled jungle, fragments of the glorious ancient forests. The thick, matted forest growth formerly covered the mountains to their summits. All natural factors favored this dense forest growth, and as long as it was permitted to exist the plains at the foot of the mountains were among the most fertile on the globe, and the whole country was a garden. Not the slightest effort was made, however, to prevent the unchecked cutting of the trees, or to secure reforestation. Doubtless for many centuries the tree-cutting by the inhabitants of the mountains worked but slowly in bringing about the changes that have now come to pass; doubtless for generations the inroads were scarcely noticeable. But there came a time when the forest had shrunk sufficiently to make each year's cutting a serious matter, and from that time on the destruction proceeded with appalling rapidity; for of course each year of destruction ren-

dered the forest less able to recuperate, less able to resist next year's inroad. Mr. Meyer describes the ceaseless progress of the destruction even now, when there is so little left to destroy. Every morning men and boys go out armed with mattox or axe, scale the steepest mountain sides, and cut down and grub out, root and branch, the small trees and shrubs still to be found. The big trees disappeared centuries ago, so that now one of these is never seen save in the neighborhood of temples, where they are artificially protected; and even here it takes all the watch and care of the tree-loving priests to prevent their destruction. Each family, each community, where there is no common care exercised in the interest of all of them to prevent deforestation, finds its profit in the immediate use of the fuel which would otherwise be used by some other family or some other community. In the total absence of regulation of the matter in the interest of the whole people, each small group is inevitably pushed into a policy of destruction which can not afford to take thought for the morrow. This is just one of those matters which it is fatal to leave to unsupervised individual control. The forest can only be protected by the State, by the Nation; and the liberty of action of individuals must be conditioned upon what the State or Nation determines to be necessary for the common safety.

The lesson of deforestation in China is a lesson which mankind should have learned many times already from what has occurred in other places. Denudation leaves naked soil; then gullying cuts down to the bare rock; and meanwhile the rock-waste buries the bottom-lands. When the soil is gone, men must go; and the process does not take long.

This ruthless destruction of the forests in northern China has brought about, or has aided in bringing about, desolation, just as the destruction of the forests in central Asia aid in bringing ruin to the once rich central Asian cities; just as the destruction of the forest in northern Africa helped towards the ruin of a region that was a fertile granary in Roman days. Shortsighted man, whether barbaric, semi-civilized, or what he mistakenly regards as fully civilized, when he has destroyed the forests, has rendered certain the ultimate destruction of the land itself. In northern China the mountains are now such as are shown by the accompanying photographs, absolutely barren peaks. Not only have the forests been destroyed, but because of their destruction the soil has been washed off the naked rock. The terrible consequence is that it is impossible now to undo the damage that has been done. Many centuries would have to pass before soil would again collect, or could be made to collect, in sufficient quantity once more to support the old-time forest growth. In consequence the Mongol Desert is practically extending eastward over northern China. The climate has changed and is still changing. It

has changed even within the last half century, as the work of tree destruction has been consummated. The great masses of arboreal vegetation on the mountains formerly absorbed the heat of the sun and sent up currents of cool air which brought the moisture-laden clouds lower and forced them to precipitate in rain a part of their burden of water. Now that there is no vegetation, the barren mountains, scorched by the sun, send up currents of heated air which drive away instead of attracting the rain clouds, and cause their moisture to be disseminated. In consequence, instead of the regular and plentiful rains which existed in these regions of China when the forests were still in evidence, the unfortunate inhabitants of the deforested lands now see their crops wither for lack of rainfall, while the seasons grow more and more irregular; and as the air becomes dryer certain crops refuse longer to grow at all. That everything dries out faster than formerly is shown by the fact that the level of the wells all over the land has sunk perceptibly, many of them having become totally dry. In addition to the resulting agricultural distress, the watercourses have changed. Formerly they were narrow and deep, with an abundance of clear water the year around; for the roots and humus of the forests caught the rainwater and let it escape by slow, regular seepage. They have now become broad, shallow stream beds, in which muddy water trickles in slender currents during the dry seasons, while when it rains there are freshets, and roaring muddy torrents come tearing down, bringing disaster and destruction everywhere. Moreover, these floods and freshets, which diversify the general dryness, wash away from the mountain sides, and either wash away or cover in the valleys, the rich fertile soil which it took tens of thousands of years for Nature to form; and it is lost forever, and until the forests grow again it can not be replaced. The sand and stones from the mountain sides are washed loose and come rolling down to cover the arable lands, and in consequence, throughout this part of China, many formerly rich districts are now sandy wastes, useless for human cultivation and even for pasture. The cities have been of course seriously affected, for the streams have gradually ceased to be navigable. There is testimony that even within the memory of men now living there has been a serious diminution of the rainfall of northeastern China. The level of the Sungari River in northern Manchuria has been sensibly lowered during the last fifty years, at least partly as the result of the indiscriminate cutting of the forests forming its watershed. Almost all the rivers of northern China have become uncontrollable, and very dangerous to the dwellers along their banks, as a direct result of the destruction of the forests. The journey from Pekin to Jehol shows in melancholy fashion how the soil has been washed away from whole valleys, so that they have been converted into deserts.

In northern China this disastrous process has gone on so long and has proceeded so far that no complete remedy could be applied. There are certain mountains in China from which the soil is gone so utterly that only the slow action of the ages could again restore it; although of course much could be done to prevent the still further eastward extension of the Mongolian Desert if the Chinese Government would act at once. The accompanying cuts from photographs show the inconceivable desolation of the barren mountains in which certain of these rivers rise—mountains, be it remembered, which formerly supported dense forests of larches and firs, now unable to produce any wood, and because of their condition a source of danger to the whole country. The photographs also show the same rivers after they have passed through the mountains, the beds having become broad and sandy because of the deforestation of the mountains. One of the photographs shows a caravan passing through a valley. Formerly, when the mountains were forested, it was thickly peopled by prosperous peasants. Now the floods have carried destruction all over the land and the valley is a stony desert. Another photograph shows a mountain road covered with the stones and rocks that are brought down in the rainy season from the mountains which have already been deforested by human hands. Another shows a pebbly river-bed in southern Manchuria where what was once a great stream has dried up owing to the deforestation in the mountains. Only some scrub wood is left, which will disappear within a half century. Yet another shows the effect of one of the washouts, destroying an arable mountain side, these washouts being due to the removal of all vegetation; yet in this photograph the foreground shows that reforestation is still a possibility in places.

What has thus happened in northern China, what has happened in Central Asia, in Palestine, in North Africa, in parts of the Mediterranean countries of Europe, will surely happen in our country if we do not exercise that wise forethought which should be one of the chief marks of any people calling itself civilized. Nothing should be permitted to stand in the way of the preservation of the forests, and it is criminal to permit individuals to purchase a little gain for themselves through the destruction of forests when this destruction is fatal to the wellbeing of the whole country in the future.

INLAND WATERWAYS.

Action should be begun forthwith, during the present session of the Congress, for the improvement of our inland waterways—action which will result in giving us not only navigable but navigated rivers. We have spent hundreds of millions of dollars upon these waterways, yet the traffic on nearly all of them is steadily declining. This condition is the direct result of the absence of any comprehensive and

far-seeing plan of waterway improvement. Obviously we can not continue thus to expend the revenues of the Government without return. It is poor business to spend money for inland navigation unless we get it.

Inquiry into the condition of the Mississippi and its principal tributaries reveals very many instances of the utter waste caused by the methods which have hitherto obtained for the so-called "improvement" of navigation. A striking instance is supplied by the "improvement" of the Ohio, which, begun in 1824, was continued under a single plan for half a century. In 1875 a new plan was adopted and followed for a quarter of a century. In 1902 still a different plan was adopted and has since been pursued at a rate which only promises a navigable river in from twenty to one hundred years longer.

Such shortsighted, vacillating, and futile methods are accompanied by decreasing water-borne commerce and increasing traffic congestion on land, by increasing floods, and by the waste of public money. The remedy lies in abandoning the methods which have so signally failed and adopting new ones in keeping with the needs and demands of our people.

In a report on a measure introduced at the first session of the present Congress, the Secretary of War said: "The chief defect in the methods hitherto pursued lies in the absence of executive authority for originating comprehensive plans covering the country or natural divisions thereof." In this opinion I heartily concur. The present methods not only fail to give us inland navigation, but they are injurious to the army as well. What is virtually a permanent detail of the corps of engineers to civilian duty necessarily impairs the efficiency of our military establishment. The military engineers have undoubtedly done efficient work in actual construction, but they are necessarily unsuited by their training and traditions to take the broad view, and to gather and transmit to the Congress the commercial and industrial information and forecasts, upon which waterway improvement must always so largely rest. Furthermore, they have failed to grasp the great underlying fact that every stream is a unit from its source to its mouth, and that all its uses are interdependent. Prominent officers of the Engineer Corps have recently even gone so far as to assert in print that waterways are not dependent upon the conservation of the forests about their headwaters. This position is opposed to all the recent work of the scientific bureaus of the Government and to the general experience of mankind. A physician who disbelieved in vaccination would not be the right man to handle an epidemic of smallpox, nor should we leave a doctor skeptical about the transmission of yellow fever by the Stegomyia mosquito in charge of sanitation

at Havana or Panama. So with the improvement of our rivers; it is no longer wise or safe to leave this great work in the hands of men who fail to grasp the essential relations between navigation and general development and to assimilate and use the central facts about our streams.

Until the work of river improvement is undertaken in a modern way it can not have results that will meet the needs of this modern nation. These needs should be met without further dilly-dallying or delay. The plan which promises the best and quickest results is that of a permanent commission authorized to coordinate the work of all the Government departments relating to waterways, and to frame and supervise the execution of a comprehensive plan. Under such a commission the actual work of construction might be entrusted to the reclamation service; or to the military engineers acting with a sufficient number of civilians to continue the work in time of war; or it might be divided between the reclamation service and the corps of engineers. Funds should be provided from current revenues if it is deemed wise—otherwise from the sale of bonds. The essential thing is that the work should go forward under the best possible plan, and with the least possible delay. We should have a new type of work and a new organization for planning and directing it. The time for playing with our waterways is past. The country demands results.

NATIONAL PARKS.

I urge that all our National parks adjacent to National forests be placed completely under the control of the forest service of the Agricultural Department, instead of leaving them as they now are, under the Interior Department and policed by the army. The Congress should provide for superintendents with adequate corps of first-class civilian scouts, or rangers, and, further, place the road construction under the superintendent instead of leaving it with the War Department. Such a change in park management would result in economy and avoid the difficulties of administration which now arise from having the responsibility of care and protection divided between different departments. The need for this course is peculiarly great in the Yellowstone Park. This, like the Yosemite, is a great wonderland, and should be kept as a national playground. In both, all wild things should be protected and the scenery kept wholly unmarred.

I am happy to say that I have been able to set aside in various parts of the country small, well-chosen tracts of ground to serve as sanctuaries and nurseries for wild creatures.

DENATURED ALCOHOL.

I had occasion in my message of May 4, 1906, to urge the passage of some law putting alcohol, used in the arts, industries, and manu-

factures, upon the free list—that is, to provide for the withdrawal free of tax of alcohol which is to be denatured for those purposes. The law of June 7, 1906, and its amendment of March 2, 1907, accomplished what was desired in that respect, and the use of denatured alcohol, as intended, is making a fair degree of progress and is entitled to further encouragement and support from the Congress.

PURE FOOD.

The pure food legislation has already worked a benefit difficult to overestimate.

INDIAN SERVICE.

It has been my purpose from the beginning of my administration to take the Indian Service completely out of the atmosphere of political activity, and there has been steady progress toward that end. The last remaining stronghold of politics in that service was the agency system, which had seen its best days and was gradually falling to pieces from natural or purely evolutionary causes, but, like all such survivals, was decaying slowly in its later stages. It seems clear that its extinction had better be made final now, so that the ground can be cleared for larger constructive work on behalf of the Indians, preparatory to their induction into the full measure of responsible citizenship. On November 1 only eighteen agencies were left on the roster; with two exceptions, where some legal questions seemed to stand temporarily in the way, these have been changed to superintendencies, and their heads brought into the classified civil service.

SECRET SERVICE.

Last year an amendment was incorporated in the measure providing for the Secret Service, which provided that there should be no detail from the Secret Service and no transfer therefrom. It is not too much to say that this amendment has been of benefit only, and could be of benefit only, to the criminal classes. If deliberately introduced for the purpose of diminishing the effectiveness of war against crime it could not have been better devised to this end. It forbade the practices that had been followed to a greater or less extent by the executive heads of various departments for twenty years. To these practices we owe the securing of the evidence which enabled us to drive great lotteries out of business and secure a quarter of a million of dollars in fines from their promoters. These practices have enabled us to get some of the evidence indispensable in order in connection with the theft of government land and government timber by great corporations and by individuals. These practices have enabled us to get some of the evidence indispensable in order to secure the conviction of the wealthiest and most formidable criminals with whom the Government has to deal, both those operating

in violation of the anti-trust law and others. The amendment in question was of benefit to no one excepting to these criminals, and it seriously hampers the Government in the detection of crime and the securing of justice. Moreover, it not only affects departments outside of the Treasury, but it tends to hamper the Secretary of the Treasury himself in the effort to utilize the employees of his department so as to best meet the requirements of the public service. It forbids him from preventing frauds upon the customs service, from investigating irregularities in branch mints and assay offices, and has seriously crippled him. It prevents the promotion of employees in the Secret Service, and this further discourages good effort. In its present form the restriction operates only to the advantage of the criminal, of the wrongdoer. The chief argument in favor of the provision was that the Congressmen did not themselves wish to be investigated by Secret Service men. Very little of such investigation has been done in the past; but it is true that the work of the Secret Service agents was partly responsible for the indictment and conviction of a Senator and a Congressman for land frauds in Oregon. I do not believe that it is in the public interest to protect criminally in any branch of the public service, and exactly as we have again and again during the past seven years pprosecuted and convicted such criminals who were in the executive branch of the Government, so in my belief we should be given ample means to prosecute them if found in the legislative branch. But if this is not considered desirable a special exception could be made in the law prohibiting the use of the Secret Service force in investigating members of the Congress. It would be far better to do this than to do what actually was done, and strive to prevent or at least to hamper effective action against criminals by the executive branch of the Government.

POSTAL SAVINGS BANKS.

I again renew my recommendation for postal savings banks, for depositing savings with the security of the Government behind them. The object is to encourage thrift and economy in the wage-earner and person of moderate means. In 14 States the deposits in savings banks as reported to the Comptroller of the Currency amount to $3,590,245,402, or 98.4 per cent of the entire deposits, while in the remaining 32 States there are only $70,308,543, or 1.6 per cent, showing conclusively that there are many localities in the United States where sufficient opportunity is not given to the people to deposit their savings. The result is that money is kept in hiding and unemployed. It is believed that in the aggregate vast sums of money would be brought into circulation through the instrumentality of the postal savings banks. While there are only 1,453 savings banks reporting to the Comptroller there are more than

61,000 post-offices, 40,000 of which are money order offices. Postal savings banks are now in operation in practically all of the great civilized countries with the exception of the United States.

PARCEL POST.

In my last annual message I commended the Postmaster-General's recommendation for an extension of the parcel post on the rural routes. The establishment of a local parcel post on rural routes would be to the mutual benefit of the farmer and the country storekeeper, and it is desirable that the routes, serving more than 15,000,000 people, should be utilized to the fullest practicable extent. An amendment was proposed in the Senate at the last session, at the suggestion of the Postmaster-General, providing that, for the purpose of ascertaining the practicability of establishing a special local parcel post system on the rural routes throughout the United States, the Postmaster-General be authorized and directed to experiment and report to the Congress the result of such experiment by establishing a special local parcel post system on rural delivery routes in not to exceed four counties in the United States for packages of fourth-class matter originating on a rural route or at the distributing post office for delivery by rural carriers. It would seem only proper that such an experiment should be tried in order to demonstrate the practicability of the proposition, especially as the Postmaster-General estimates that the revenue derived from the operation of such a system on all the rural routes would amount to many million dollars.

EDUCATION.

The share that the National Government should take in the broad work of education has not received the attention and the care it rightly deserves. The immediate responsibility for the support and improvement of our educational systems and institutions rests and should always rest with the people of the several States acting through their state and local governments, but the Nation has an opportunity in educational work which must not be lost and a duty which should no longer be neglected.

The National Bureau of Education was established more than forty years ago. Its purpose is to collect and diffuse such information "as shall aid the people of the United States in the establishment and maintenance of efficient school systems and otherwise promote the cause of education throughout the country." This purpose in no way conflicts with the educational work of the States, but may be made of great advantage to the States by giving them the fullest, most accurate, and hence the most helpful information and suggestion regarding the best educational systems. The Nation, through its broader field of activities, its wider opportunity for obtaining information from all the States and from foreign coun-

tries, is able to do that which not even the richest States can do, and with the distinct additional advantage that the information thus obtained is used for the immediate benefit of all our people.

With the limited means hitherto provided, the Bureau of Education has rendered efficient service, but the Congress has neglected to adequately supply the bureau with means to meet the educational growth of the country. The appropriations for the general work of the bureau, outside education in Alaska, for the year 1909 are but $87,500—an amount less than they were ten years ago, and some of the important items in these appropriations are less than they were thirty years ago. It is an inexcusable waste of public money to appropriate an amount which is so inadequate as to make it impossible properly to do the work authorized, and it is unfair to the great educational interests of the country to deprive them of the value of the results which can be obtained by proper appropriations.

I earnestly recommend that this unfortunate state of affairs as regards the national educational office be remedied by adequate appropriations. This recommendation is urged by the representatives of our common schools and great state universities and the leading educators, who all unite in requesting favorable consideration and action by the Congress upon this subject.

CENSUS.

I strongly urge that the request of the Director of the Census in connection with the decennial work so soon to be begun be complied with and that the appointments to the census force be placed under the civil service law, waiving the geographical requirements as requested by the Director of the Census. The supervisors and enumerators should not be appointed under the civil service law, for the reasons given by the Director. I commend to the Congress the careful consideration of the admirable report of the Director of the Census, and I trust that his recommendations will be adopted and immediate action thereon taken.

PUBLIC HEALTH

It is highly advisable that there should be intelligent action on the part of the Nation on the question of preserving the health of the country. Through the practical extermination in San Francisco of disease-bearing rodents our country has thus far escaped the bubonic plague. This is but one of the many achievements of American health officers; and it shows what can be accomplished with a better organization than at present exists. The dangers to public health from food adulteration and from many other sources, such as the menace to the physical, mental and moral development of children from child labor, should be met and overcome. There are numerous diseases, which are now known to be preventable,

which are, nevertheless, not prevented. The recent International Congress on Tuberculosis has made us painfully aware of the inadequacy of American public health legislation. This Nation can not afford to lag behind in the world-wide battle now being waged by all civilized people with the microscopic foes of mankind, nor ought we longer to ignore the reproach that this Government takes more pains to protect the lives of hogs and of cattle than of human beings.

REDISTRIBUTION OF BUREAUS.

The first legislative step to be taken is that for the concentration of the proper bureaus into one of the existing departments. I therefore urgently recommend the passage of a bill which shall authorize a redistribution of the bureaus which shall best accomplish this end.

GOVERNMENT PRINTING OFFICE.

I recommend that legislation be enacted placing under the jurisdiction of the Department of Commerce and Labor the Government Printing Office. At present this office is under the combined control, supervision, and administrative direction of the President and of the Joint Committee on Printing of the two Houses of the Congress. The advantage of having the 4,069 employees in this office and the expenditure of the $5,761,377.57 appropriated therefor supervised by an executive department is obvious, instead of the present combined supervision.

SOLDIERS' HOMES.

All Soldiers' Homes should be placed under the complete jurisdiction and control of the War Department.

INDEPENDENT BUREAUS AND COMMISSIONS.

Economy and sound business policy require that all existing independent bureaus and commissions should be placed under the jurisdiction of appropriate executive departments. It is unwise from every standpoint, and results only in mischief, to have any executive work done save by the purely executive bodies, under the control of the President; and each such executive body should be under the immediate supervision of a Cabinet Minister.

STATEHOOD.

I advocate the immediate admission of New Mexico and Arizona as States. This should be done at the present session of the Congress. The people of the two Territories have made it evident by their votes that they will not come in as one State. The only alternative is to admit them as two, and I trust that this will be done without delay.

INTERSTATE FISHERIES.

I call the attention of the Congress to the importance of the problem of the fisheries in the interstate waters. On the Great Lakes we are now, under the very wise treaty of April 11th of this year,

endeavoring to come to an international agreement for the preservation and satisfactory use of the fisheries of these waters which can not otherwise be achieved. Lake Erie, for example, has the richest fresh water fisheries in the world; but it is now controlled by the statutes of two Nations, four States, and one Province, and in this Province by different ordinances in different counties. All these political divisions work at cross purposes, and in no case can they achieve protection to the fisheries, on the one hand, and justice to the localities and individuals on the other. The case is similar in Puget Sound.

But the problem is quite as pressing in the interstate waters of the United States. The salmon fisheries of the Columbia River are now but a fraction of what they were twenty-five years ago, and what they would be now if the United States Government had taken complete charge of them by intervening between Oregon and Washington. During these twenty-five years the fishermen of each State have naturally tried to take all they could get, and the two legislatures have never been able to agree on joint action of any kind adequate in degree for the protection of the fisheries. At the moment the fishing on the Oregon side is practically closed, while there is no limit on the Washington side of any kind, and no one can tell what the courts will decide as to the very statutes under which this action and non-action result. Meanwhile very few salmon reach the spawning grounds, and probably four years hence the fisheries will amount to nothing; and this comes from a struggle between the associated, or gill-net, fishermen on the one hand, and the owners of the fishing wheels up the river. The fisheries of the Mississippi, the Ohio, and the Potomac are also in a bad way. For this there is no remedy except for the United States to control and legislate for the interstate fisheries as part of the business of interstate commerce. In this case the machinery for scientific investigation and for control already exists in the United States Bureau of Fisheries. In this as in similar problems the obvious and simple rule should be followed of having those matters which no particular State can manage taken in hand by the United States; problems which in the seesaw of conflicting State legislatures are absolutely unsolvable are easy enough for Congress to control.

FISHERIES AND FUR SEALS.

The federal statute regulating interstate traffic in game should be extended to include fish. New federal fish hatcheries should be established. The administration of the Alaskan fur-seal service should be vested in the Bureau of Fisheries.

FOREIGN AFFAIRS.

This Nation's foreign policy is based on the theory that right must be done between nations precisely as between individuals, and in our

actions for the last ten years we have in this matter proven our faith by our deeds. We have behaved, and are behaving, towards other nations as in private life an honorable man would behave towards his fellows.

LATIN-AMERICAN REPUBLICS.

The commercial and material progress of the twenty Latin-American Republics is worthy of the careful attention of the Congress. No other section of the world has shown a greater proportionate development of its foreign trade during the last ten years and none other has more special claims on the interest of the United States. It offers to-day probably larger opportunities for the legitimate expansion of our commerce than any other group of countries. These countries will want our products in greatly increased quantities, and we shall correspondingly need theirs. The International Bureau of the American Republics is doing a useful work in making these nations and their resources better known to us, and in acquainting them not only with us as a people and with our purposes towards them, but with what we have to exchange for their goods. It is an international institution supported by all the governments of the two Americas.

PANAMA CANAL.

The work on the Panama Canal is being done with a speed, efficiency and entire devotion to duty which make it a model for all work of the kind. No task of such magnitude has ever before been undertaken by any nation; and no task of the kind has ever been better performed. The men on the isthmus, from Colonel Goethals and his fellow commissioners through the entire list of employees who are faithfully doing their duty, have won their right to the ungrudging respect and gratitude of the American people.

OCEAN MAIL LINERS.

I again recommend the extension of the ocean mail act of 1891 so that satisfactory American ocean mail lines to South America, Asia, the Philippines, and Australiasia may be established. The creation of such steamship lines should be the natural corollary of the voyage of the battle fleet. It should precede the opening of the Panamal Canal. Even under favorable conditions several years must elapse before such lines can be put into operation. Accordingly I urge that the Congress act promptly where foresight already shows that action sooner or later will be inevitable.

HAWAII.

I call particular attention to the Territory of Hawaii. The importance of those islands is apparent, and the need of improving their condition and developing their resources is urgent. In recent

years industrial conditions upon the islands have radically changed. The importation of coolie labor has practically ceased, and there is now developing such a diversity in agricultural products as to make possible a change in the land conditions of the Territory, so that an opportunity may be given to the small land owner similar to that on the mainland. To aid these changes, the National Government must provide the necessary harbor improvements on each island, so that the agricultural products can be carried to the markets of the world. The coastwise shipping laws should be amended to meet the special needs of the islands, and the alien contract labor law should be so modified in its application to Hawaii as to enable American and European labor to be brought thither.

We have begun to improve Pearl Harbor for a naval base and to provide the necessary military fortifications for the protection of the islands, but I can not too strongly emphasize the need of appropriations for these purposes of such an amount as will within the shortest possible time make those islands practically impregnable. It is useless to develop the industrial conditions of the islands and establish there bases of supply for our naval and merchant fleets unless we insure, as far as human ingenuity can, their safety from foreign seizure.

One thing to be remembered with all our fortifications is that it is almost useless to make them impregnable from the sea if they are left open to land attack. This is true even of our own coast, but it is doubly true of our insular possessions. In Hawaii, for instance, it is worse than useless to establish a naval station unless we establish it behind fortifications so strong that no landing force can take them save by regular and long-continued siege operations.

THE PHILIPPINES.

Real progress toward self-government is being made in the Philippine Islands. The gathering of a Philippine legislative body and Philippine assembly marks a process absolutely new in Asia, not only as regards Asiatic colonies of European powers but as regards Asiatic possessions of other Asiatic powers; and, indeed, always excepting the striking and wonderful example afforded by the great Empire of Japan, it opens an entirely new departure when compared with anything which has happened among Asiatic powers which are their own masters. Hitherto this Philippine legislature has acted with moderation and self-restraint, and has seemed in practical fashion to realize the eternal truth that there must always be government, and that the only way in which any body of individuals can escape the necessity of being governed by outsiders is to show that they are able to restrain themselves, to keep down wrongdoing and disorder. The Filipino people, through their officials, are therefore making real steps in the direction of self-government. I hope and

believe that these steps mark the beginning of a course which will continue till the Filipinos become fit to decide for themselves whether they desire to be an independent nation. But it is well for them (and well also for those Americans who during the past decade have done so much damage to the Filipinos by agitation for an immediate independence for which they were totally unfit) to remember that self-government depends, and must depend, upon the Filipinos themselves. All we can do is to give them the opportunity to develop the capacity for self-government. If we had followed the advice of the foolish doctrinaires who wished us at any time during the last ten years to turn the Filipino people adrift, we should have shirked the plainest possible duty and have inflicted a lasting wrong upon the Filipino people. We have acted in exactly the opposite spirit. We have given the Filipinos constitutional government—a government based upon justice—and we have shown that we have governed them for their good and not for our aggrandizement. At the present time, as during the past ten years, the inexorable logic of facts shows that this government must be supplied by us and not by them. We must be wise and generous; we must help the Filipinos to master the difficult art of self-control, which is simply another name for self-government. But we can not give them self-government save in the sense of governing them so that gradually they may, if they are able, learn to govern themselves. Under the present system of just laws and sympathetic administration, we have every reason to believe that they are gradually acquiring the character which lies at the basis of self-government, and for which, if it be lacking, no system of laws, no paper constitution, will in any wise serve as a substitute. Our people in the Philippines have achieved what may legitimately be called a marvelous success in giving to them a government which marks on the part of those in authority both the necessary understanding of the people and the necessary purpose to serve them disinterestedly and in good faith. I trust that within a generation the time will arrive when the Philippines can decide for themselves whether it is well for them to become independent, or to continue under the protection of a strong and disinterested power, able to guarantee to the islands order at home and protection from foreign invasion. But no one can prophesy the exact date when it will be wise to consider independence as a fixed and definite policy. It would be worse than folly to try to set down such a date in advance, for it must depend upon the way in which the Philippine people themselves develop the power of self-mastery.

PORTO RICO.

I again recommend that American citizenship be conferred upon the people of Porto Rico.

CUBA.

In Cuba our occupancy will cease in about two months' time; the Cubans have in orderly manner elected their own governmental authorities, and the island will be turned over to them. Our occupation on this occasion has lasted a little over two years, and Cuba has thriven and prospered under it. Our earnest hope and one desire is that the people of the island shall now govern themselves with justice, so that peace and order may be secure. We will gladly help them to this end; but I would solemnly warn them to remember the great truth that the only way a people can permanently avoid being governed from without is to show that they both can and will govern themselves from within.

JAPANESE EXPOSITION.

The Japanese Government has postponed until 1917 the date of the great international exposition, the action being taken so as to insure ample time in which to prepare to make the exposition all that it should be made. The American commissioners have visited Japan and the postponement will merely give ampler opportunity for America to be represented at the exposition. Not since the first international exposition has there been one of greater importance than this will be, marking as it does the fiftieth anniversary of the ascension to the throne of the Emperor of Japan. The extraordinary leap to a foremost place among the nations of the world made by Japan during this half century is something unparalleled in all previous history. This exposition will fitly commemorate and signalize the giant progress that has been achieved. It is the first exposition of its kind that has ever been held in Asia. The United States, because of the ancient friendship between the two peoples, because each of us fronts on the Pacific, and because of the growing commercial relations between this country and Asia, takes a peculiar interest in seeing the exposition made a success in every way.

I take this opportunity publicly to state my appreciation of the way in which in Japan, in Australia, in New Zealand, and in all the States of South America, the battle fleet has been received on its practice voyage around the world. The American Government can not too strongly express its appreciation of the abounding and generous hospitality shown our ships in every port they visited.

THE ARMY.

As regards the Army I call attention to the fact that while our junior officers and enlisted men stand very high, the present system of promotion by seniority results in bringing into the higher grades many men of mediocre capacity who have but a short time to serve. No man should regard it as his vested right to rise to the highest rank in the Army any more than in any other profession. It is a

curious and by no means creditable fact that there should be so often a failure on the part of the public and its representatives to understand the great need, from the standpoint of the service and the Nation, of refusing to promote respectable, elderly incompetents. The higher places should be given to the most deserving men without regard to seniority; at least seniority should be treated as only one consideration. In the stress of modern industrial competition no business firm could succeed if those responsible for its management were chosen simply on the ground that they were the oldest people in its employment; yet this is the course advocated as regards the Army, and required by law for all grades except those of general officer. As a matter of fact, all of the best officers in the highest ranks of the Army are those who have attained their present position wholly or in part by a process of selection.

The scope of retiring boards should be extended so that they could consider general unfitness to command for any cause, in order to secure a far more rigid enforcement than at present in the elimination of officers for mental, physical or temperamental disabilities. But this plan is recommended only if the Congress does not see fit to provide what in my judgment is far better; that is, for selection in promotion, and for elimination for age. Officers who fail to attain a certain rank by a certain age should be retired—for instance, if a man should not attain field rank by the time he is 45 he should of course be placed on the retired list. General officers should be selected as at present, and one-third of the other promotions should be made by selection, the selection to be made by the President or the Secretary of War from a list of at least two candidates proposed for each vacancy by a board of officers from the arm of the service from which the promotion is to be made. A bill is now before the Congress having for its object to secure the promotion of officers to various grades at reasonable ages through a process of selection, by boards of officers, of the least efficient for retirement with a percentage of their pay depending upon length of service. The bill, although not accomplishing all that should be done, is a long step in the right direction; and I earnestly recommend its passage, or that of a more completely effective measure.

The cavalry arm should be reorganized upon modern lines. This is an arm in which it is peculiarly necessary that the field officers should not be old. The cavalry is much more difficult to form than infantry, and it should be kept up to the maximum both in efficiency and in strength, for it can not be made in a hurry. At present both infantry and artillery are too few in number for our needs. Especial attention should be paid to development of the machine gun. A general service corps should be established. As things are now the

average soldier has far too much labor of a nonmilitary character to perform.

NATIONAL GUARD.

Now that the organized militia, the National Guard, has been incorporated with the Army as a part of the national forces, it behooves the Government to do every reasonable thing in its power to perfect its efficiency. It should be assisted in its instruction and otherwise aided more liberally than heretofore. The continuous services of many well-trained regular officers will be essential in this connection. Such officers must be specially trained at service schools best to qualify them as instructors of the National Guard. But the detailing of officers for training at the service schools and for duty with the National Guard entails detaching them from their regiments which are already greatly depleted by detachment of officers for assignment to duties prescribed by acts of the Congress.

A bill is now pending before the Congress creating a number of extra officers in the Army, which if passed, as it ought to be, will enable more officers to be trained as instructors of the National Guard and assigned to that duty. In case of war it will be of the utmost importance to have a large number of trained officers to use for turning raw levies into good troops.

There should be legislation to provide a complete plan for organizing the great body of volunteers behind the Regular Army and National Guard when war has come. Congressional assistance should be given those who are endeavoring to promote rifle practice so that our men, in the services or out of them, may know how to use the rifle. While teams representing the United States won the rifle and revolver championships of the world against all comers in England this year, it is unfortunately true that the great body of our citizens shoot less and less as time goes on. To meet this we should encourage rifle practice among schoolboys, and indeed among all classes, as well as in the military services, by every means in our power. Thus, and not otherwise, may we be able to assist in preserving the peace of the world. Fit to hold our own against the strong nations of the earth, our voice for peace will carry to the ends of the earth. Unprepared, and therefore unfit, we must sit dumb and helpless to defend ourselves, protect others, or preserve peace. The first step—in the direction of preparation to avert war if possible, and to be fit for war if it should come—is to teach our men to shoot.

THE NAVY.

I approve the recommendations of the General Board for the increase of the Navy, calling especial attention to the need of additional destroyers and colliers, and, above all, of the four battleships. It is desirable to complete as soon as possible a squadron

of eight battleships of the best existing type. The *North Dakota, Delaware, Florida,* and *Utah* will form the first division of this squadron. The four vessels proposed will form the second division. It will be an improvement on the first, the ships being of the heavy, single caliber, all big gun type. All the vessels should have the same tactical qualities—that is, speed and turning circle—and as near as possible these tactical qualities should be the same as in the four vessels before named now being built.

I most earnestly recommend that the General Board be by law turned into a General Staff. There is literally no excuse whatever for continuing the present bureau organization of the Navy. The Navy should be treated as a purely military organization, and everything should be subordinated to the one object of securing military efficiency. Such military efficiency can only be guaranteed in time of war if there is the most thorough previous preparation in time of peace—a preparation, I may add, which will in all probability prevent any need of war. The Secretary must be supreme, and he should have as his official advisers a body of line officers who should themselves have the power to pass upon and coordinate all the work and all the proposals of the several bureaus. A system of promotion by merit, either by selection or by exclusion, or by both processes, should be introduced. It is out of the question, if the present principle of promotion by mere seniority is kept, to expect to get the best results from the higher officers. Our men come too old, and stay for too short a time, in the high command positions.

Two hospital ships should be provided. The actual experience of the hospital ship with the fleet in the Pacific has shown the invaluable work which such a ship does, and has also proved that it is well to have it kept under the command of a medical officer. As was to be expected, all of the anticipations of trouble from such a command have proved completely baseless. It is as absurd to put a hospital ship under a line officer as it would be to put a hospital on shore under such a command. This ought to have been realized before, and there is no excuse for failure to realize it now.

Nothing better for the Navy from every standpoint has ever occurred than the cruise of the battle fleet around the world. The improvement of the ships in every way has been extraordinary, and they have gained far more experience in battle tactics than they would have gained if they had stayed in the Atlantic waters. The American people have cause for profound gratification, both in view of the excellent condition of the fleet as shown by this cruise, and in view of the improvement the cruise has worked in this already high condition. I do not believe that there is any other service in the world in which the average of character and efficiency in the enlisted men is as high as is now the case in our own. I believe that the same statement

can be made as to our officers, taken as a whole; but there must be a reservation made in regard to those in the highest ranks—as to which I have already spoken—and in regard to those who have just entered the service; because we do not now get full benefit from our excellent naval school at Annapolis. It is absurd not to graduate the midshipmen as ensigns; to keep them for two years in such an anomalous position as at present the law requires is detrimental to them and to the service. In the academy itself, every first classman should be required in turn to serve as petty officer and officer; his ability to discharge his duties as such should be a prerequisite to his going into the line, and his success in commanding should largely determine his standing at graduation. The Board of Visitors should be appointed in January, and each member should be required to give at least six days' service, only from one to three days' to be performed during June week, which is the least desirable time for the board to be at Annapolis so far as benefiting the Navy by their observations is concerned.

THEODORE ROOSEVELT.

THE WHITE HOUSE,
Tuesday, December 8, 1908.

REPORT OF SPECIAL COMMITTEE ON PRESIDENT'S MESSAGE RELATING TO THE SECRET SERVICE.

Mr. PERKINS, from the special committee to consider a portion of the annual message of the President, submitted the following

REPORT.

The special committee to consider a portion of the President's annual message submitted a privileged report on the following resolution, recommending its passage:

Whereas the annual message of the President contained the following paragraphs:

"Last year an amendment was incorporated in the measure providing for the Secret Service which provided that there should be no detail from the Secret Service and no transfer therefrom. It is not too much to say that this amendment has been of benefit only, and could be of benefit only, to the criminal classes. If deliberately introduced for the purpose of diminishing the effectiveness of war against crime, it could not have been better devised to this end. It forbade the practices that had been followed to a greater or less extent by the executive heads of various departments for twenty years. To these practices we owe the securing of the evidence which enabled us to

drive great lotteries out of business and secure a quarter of a million of dollars in fines from their promoters.

"These practices have enabled us to discover some of the most outrageous frauds in connection with the theft of government land and government timber by great corporations and by individuals. These practices have enabled us to get some of the evidence indispensable in order to secure the conviction of the wealthiest and most formidable criminals with whom the Government has to deal, both those operating in violation of the antitrust law and others. The amendment in question was of benefit to no one excepting to these criminals, and it seriously hampers the Government in the detection of crime and the securing of justice. Moreover, it not only affects departments outside of the Treasury, but it tends to hamper the Secretary of the Treasury himself in the effort to utilize the employees of his department so as to best meet the requirements of the public service. It forbids him from preventing frauds upon the customs service, from investigating irregularities in branch mints and assay offices, and has seriously crippled him. It prevents the promotion of employees in the Secret Service, and this further discourages good effort. In its present form the restriction operates only to the advantage of the criminal, of the wrongdoer.

"The chief argument in favor of the provision was that the Congressmen did not themselves wish to be investigated by Secret Service men. Very little of such investigation has been done in the past; but it is true that the work of the Secret Service agents was partly responsible for the indictment and conviction of a Senator and a Congressman for land frauds in Oregon. I do not believe that it is in the public interest to protect criminals in any branch of the public service, and exactly as we have again and again during the past seven years prosecuted and convicted such criminals who were in the executive branch of the Government, so in my belief we should be given ample means to prosecute them if found in the legislative branch. But if this is not considered desirable a special exception could be made in the law prohibiting the use of the Secret Service force in investigating Members of the Congress. It would be far better to do this than to do what actually was done, and strive to prevent or at least to hamper effective action against criminals by the executive branch of the Government."

Understanding this language to be a reflection on the integrity of its membership, and aware of its own constitutional duty as to its membership, the House in respectful terms called on the President for any information that would justify the language of the message or assist it in its constitutional duty to purge itself of corruption.

The President in his message of January 4 denies that the paragraph of the annual message casts reflections on the integrity of the

House; attributes to the House "an entire failure to understand my message;" declares that he has made no charge of corruption against any Member of this House, and by implication states that he has no proof of corruption on the part of any Member of this House.

Whether the House in its resolution of December 17, 1908, correctly interpreted the meaning of the words used by the President in his annual message, or whether it misunderstood that language as the President implies, will be judged now and in the future according to the accepted interpretations of the English language. This House, charged only with its responsibility to the people of the United States and its obligation to transmit unimpaired to the future the representative institutions inherited from the past, and to preserve its own dignity, must insist on its own capacity to understand the import of the President's language. We consider the language of the President in his message of December 8, 1908, unjustified and without basis of fact, and that it constitutes a breach of the privileges of the House; therefore, be it

Resolved, That the House in the exercise of its constitutional prerogatives declines to consider any communication from any source which is not in its own judgment respectful; and be it further

Resolved, That the special committee and the Committee of the Whole House on the state of the Union be discharged from any consideration of so much of the President's annual message as relates to the Secret Service, and is above set forth, and that the said portion of the message be laid on the table; and be it further

Resolved, That the message of the President sent to the House on January 4, 1909, being unresponsive to the inquiry of the House and constituting an invasion of the privileges of this House by questioning the motives and intelligence of members in the exercise of their constitutional rights and functions, be laid on the table.

SPECIAL MESSAGE.

To the House of Representatives:

I have received the resolution of the House of Representatives of December 17, 1908, running as follows:

"Whereas there was contained in the sundry civil appropriation bill which passed Congress at its last session and became a law a provision in reference to the employment of the Secret Service in the Treasury Department; and

"Whereas in the last annual message of the President of the United States to the two Houses of Congress it was stated in refer-

PANAMA CANAL: MIDDLE GATUN LOCKS, LOOKING SOUTH, DEC. 17, 1910

THE PANAMA CANAL

The commencement of the task of constructing the Panama Canal was the most important event of Roosevelt's Administration. The history of the undertaking is written by Roosevelt himself on pages 6662, 6758, 6881, 6901, 7401, 7480, 7611, 7648, 7667, 7685 and 7728. The message commencing on page 7685 describes his visit of inspection to the canal zone. President Taft continued the narrative, pages 7750, 7754, 7803, 7863 and 7898. The reader who desires a brief recital of the facts should refer to the article entitled "Panama Canal" in the encyclopedic index (volume eleven). The index references following this article will enable the reader to glean a complete and authentic knowledge of the subject from the messages of the Presidents, from Jackson to Taft, who have discussed the project.

ence to that provision: 'It is not too much to say that this amendment has been of benefit only, and could be of benefit only, to the criminal classes,' and it was further stated, 'The chief argument in favor of the provision was that the Congressmen did not themselves wish to be investigated by Secret Service men,' and it was further stated: 'But if this is not considered desirable a special exception could be made in the law, prohibiting the use of the Secret Service force in investigating Members of Congress. It would be far better to do this than to do what actually was done, and strive to prevent or at least to hamper effective action against criminals by the executive branch of the Government;' and

"Whereas the plain meaning of the above words is that the majority of the Congressmen were in fear of being investigated by Secret Service men and that Congress as a whole was actuated by that motive in enacting the provision in question; and

"Whereas your committee appointed to consider these statements of the President and to report to the House can not find in the hearings before committees nor in the records of the House or Senate any justification of this impeachment of the honor and integrity of the Congress; and

"Whereas your committee would prefer, in order to make an intelligent and comprehensive report, just to the President as well as to the Congress, to have all the information which the President may have to communicate: Now, therefore,

"*Be it resolved,* That the President be requested to transmit to the House any evidence upon which he based his statements that the 'chief argument in favor of the provision was that the Congressmen did not themselves wish to be investigated by Secret Service men,' and also to transmit to the House any evidence connecting any Member of the House of Representatives of the Sixtieth Congress with corrupt action in his official capacity, and to inform the House whether he has instituted proceedings for the punishment of any such individual by the courts or has reported any such alleged delinquencies to the House of Representatives."

I am wholly at a loss to understand the concluding portion of the resolution. I have made no charges of corruption against Congress nor against any Member of the present House. If I had proof of such corruption affecting any Member of the House in any matter as to which the Federal Government has jurisdiction, action would at once be brought, as was done in the cases of Senators Mitchell and Burton and Representatives Williamson, Herrmann, and Driggs at different times since I have been President. This would simply be doing my duty in the execution and enforcement of the laws without respect to persons. But I do not regard it as within the province or the duties of the President to report to the House

"alleged delinquencies" of members or the supposed "corrupt action" of a member "in his official capacity." The membership of the House is by the Constitution placed within the power of the House alone. In the prosecution of criminals and the enforcement of the laws the President must resort to the courts of the United States.

In the third and fourth clauses of the preamble it is stated that the meaning of my words is that "the majority of the Congressmen are in fear of being investigated by Secret Service men" and that "Congress as a whole was actuated by that motive in enacting the provision in question," and that this is an impeachment of the honor and integrity of the Congress. These statements are not, I think, in accordance with the facts. The portion of my message referred to runs as follows:

"Last year an amendment was incorporated in the measure providing for the Secret Service which provided that there should be no detail from the Secret Service and no transfer therefrom. It is not too much to say that this amendment has been of benefit only, and could be of benefit only, to the criminal classes. If deliberately introduced for the purpose of diminishing the effectiveness of war against crime it could not have been better devised to this end. It forbade the practices that had been followed to a greater or less extent by the executive heads of various departments for twenty years. To these practices we owe the securing of the evidence which enabled us to drive great lotteries out of business and secure a quarter of a million of dollars in fines from their promoters. These practices have enabled us to discover some of the most outrageous frauds in connection with the theft of government land and government timber by great corporations and by individuals. These practices have enabled us to get some of the evidence indispensable in order to secure the conviction of the wealthiest and most formidable criminals with whom the Government has to deal, both those operating in violation of the anti-trust law and others. The amendment in question was of benefit to no one excepting to these criminals, and it seriously hampers the Government in the detection of crime and the securing of justice. Moreover, it not only affects departments outside of the Treasury, but it tends to hamper the Secretary of the Treasury himself in the effort to utilize the employees of his department so as to best meet the requirements of the public service. It forbids him from preventing frauds upon the customs service, from investigating irregularities in branch mints and assay offices, and has seriously crippled him. It prevents the promotion of employees in the Secret Service, and this further discourages good effort. In its present form the restriction operates only to the advantage of the criminal, of the wrongdoer.

"The chief argument in favor of the provision was that the Con-

gressmen did not themselves wish to be investigated by Secret Service men. Very little of such investigation has been done in the past; but it is true that the work of the Secret Service agents was partly responsible for the indictment and conviction of a Senator and a Congressman for land frauds in Oregon. I do not believe that it is in the public interest to protect criminals in any branch of the public service, and exactly as we have again and again during the past seven years prosecuted and convicted such criminals who were in the executive branch of the Government, so in my belief we should be given ample means to prosecute them if found in the legislative branch. But if this is not considered desirable a special exception could be made in the law prohibiting the use of the Secret Service force in investigating Members of the Congress. It would be far better to do this than to do what actually was done, and strive to prevent or at least to hamper effective action against criminals by the executive branch of the Government."

A careful reading of this message will show that I said nothing to warrant the statement that "the majority of the Congressmen were in fear of being investigated by the Secret Service men," or "that Congress as a whole was actuated by that motive." I did not make any such statement in this message. Moreover, I have never made any such statement about Congress as a whole, nor, with a few inevitable exceptions, about the Members of Congress, in any message or article or speech. On the contrary, I have always not only deprecated but vigorously resented the practice of indiscriminate attack upon Congress, and indiscriminate condemnation of all Congressmen, wise and unwise, fit and unfit, good and bad alike. No one realizes more than I the importance of cooperation between the Executive and Congress, and no one holds the authority and dignity of the Congress of the United States in higher respect than I do. I have not the slightest sympathy with the practice of judging men, for good or for ill, not on their several merits, but in a mass, as members of one particular body or one caste. To put together all men holding or who have held a particular office, whether it be the office of President, or Judge, or Senator, or Member of the House of Representatives, and to class them all, without regard to their individual differences, as good or bad, seems to me utterly indefensible; and it is equally indefensible whether the good are confounded with the bad in a heated and unwarranted championship of all, or in a heated and unwarranted assault upon all. I would neither attack nor defend all executive officers in a mass, whether Presidents, Governors, Cabinet officers, or officials of lower rank; nor would I attack or defend all legislative officers in a mass. The safety of free government rests very largely in the ability of the plain, everyday citizen to discriminate between those public

servants who serve him well and those public servants who serve him ill. He can not thus discriminate if he is persuaded to pass judgment upon a man, not with reference to whether he is a fit or unfit public servant, but with reference to whether he is an executive or legislative officer, whether he belongs to one branch or the other of the Government.

This allegation in the resolution, therefore, must certainly be due to an entire failure to understand my message.

The resolution continues: "That the President be requested to transmit to the House any evidence upon which he based his statements that the 'chief argument in favor of the provision was that the Congressmen did not themselves wish to be investigated by Secret Service men.'" This statement, which was an attack upon no one, still less upon the Congress, is sustained by the facts.

If you will turn to the Congressional Record for May 1 last, pages 5553 to 5560, inclusive, you will find the debate on this subject. Mr. Tawney of Minnesota, Mr. Smith of Iowa, Mr. Sherley of Kentucky, and Mr. Fitzgerald of New York appear in this debate as the special champions of the provision referred to. Messrs. Parsons, Bennet, and Driscoll were the leaders of those who opposed the adoption of the amendment and upheld the right of the Government to use the most efficient means possible in order to detect criminals and to prevent and punish crime. The amendment was carried in the Committee of the Whole, where no votes of the individual members are recorded, so I am unable to discriminate by mentioning the members who voted for and the members who voted against the provision, but its passage, the Journal records, was greeted with applause. I am well aware, however, that in any case of this kind many members who have no particular knowledge of the point at issue are content simply to follow the lead of the committee which had considered the matter, and I have no doubt that many Members of the House simply followed the lead of Messrs. Tawney and Smith, without having had the opportunity to know very much as to the rights and wrongs of the question.

I would not ordinarily attempt in this way to discriminate between Members of the House, but as objection has been taken to my language, in which I simply spoke of the action of the House as a whole, and as apparently there is a desire that I should thus discriminate, I will state that I think the responsibility rested on the Committee on Appropriations, under the lead of the members whom I have mentioned.

Now as to the request of the Congress that I give the evidence for my statement that the chief argument in favor of the provision was that the Congressmen did not themselves wish to be investigated by Secret Service men.

The part of the Congressional Record to which I have referred above entirely supports this statement. Two distinct lines of argument were followed in the debate. One concerned the question whether the law warranted the employment of the Secret Service in departments other than the Treasury, and this did not touch the merits of the service in the least. The other line of argument went to the merits of the service, whether lawfully or unlawfully employed, and here the chief if not the only argument used was that the service should be cut down and restricted because its members had "shadowed" or investigated Members of Congress and other officers of the Government. If we examine the debate in detail it appears that most of what was urged in favor of the amendment took the form of the simple statement that the committee held that there had been a "violation of law" by the use of the Secret Service for other purposes than suppressing counterfeiting (and one or two other matters which can be disregarded), and that such language was now to be used as would effectually prevent all such "violation of law" hereafter. Mr. Tawney, for instance, says: "It was for the purpose of stopping the use of this service in every possible way by the departments of the Government that this provision was inserted;" and Mr. Smith says: "Now, that was the only way in which any limitation could be put upon the activities of the Secret Service." Mr. Fitzgerald followed in the same vein, and by far the largest part of the argument against the employment of the Secret Service was confined to the statement that it was in "violation of law." Of course such a statement is not in any way an argument in favor of the justice of the provision. It is not an argument for the provision at all. It is simply a statement of what the gentlemen making it conceive to have been the law. There was both by implication and direct statement the assertion that it was the law, and ought to be the law, that the Secret Service should only be used to suppress counterfeiting; and that the law should be made more rigid than ever in this respect.

Incidentally I may say that in my judgment there is ample legal authority for the statement that this appropriation law to which reference was made imposes no restrictions whatever upon the use of the Secret Service men, but relates solely to the expenditure of the money appropriated. Mr. Tawney in the debate stated that he had in his possession "a letter from the Secretary of the Treasury, received a few days ago," in which the Secretary of the Treasury "himself admits that the provisions under which the appropriation has been made have been violated year after year for a number of years in his own Department." I append herewith as Appendix A the letter referred to. It makes no such admission as that which Mr. Tawney alleges. It contains, on the contrary, as you will see by read-

ing it, an "emphatic protest against any such abridgment of the rights delegated to the Secretary of the Treasury by existing law," and concludes by asserting that he "is quite within his rights in thus employing the service of these agents" and that the proposed modification which Mr. Tawney succeeded in carrying through would be "distinctly to the advantage of violators of criminal statutes of the United States." I call attention to the fact that in this letter of Secretary Cortelyou to Mr. Tawney, as in my letter to the Speaker quoted below, the explicit statement is made that the proposed change will be for the benefit of the criminals—a statement which I simply reiterated in public form in my message to the Congress this year, and which is also contained in effect in the report of the Secretary of the Treasury to the Congress.

A careful reading of the Congressional Record will also show that practically the only arguments advanced in favor of the limitation proposed by Mr. Tawney's committee, beyond what may be supposed to be contained by implication in certain sentences as to "abuses" which were not specified, were those contained in the repeated statements of Mr. Sherley. Mr. Sherley stated that there had been "pronounced abuses growing out of the use of the Secret Service for purposes other than those intended," putting his statement in the form of a question, and in the same form further stated that the "private conduct" of "Members of Congress, Senators," and others ought not to be investigated by the Secret Service, and that they should not investigate a "Member of Congress" who had been accused of "conduct unbecoming a gentleman and a Member of Congress." In addition to these assertions couched as questions, he made one positive declaration, that "This Secret Service at one time was used for the purpose of looking into the personal conduct of a Member of Congress." This argument of Mr. Sherley, the only real argument as to the merits of the question made on behalf of the Committee on Appropriations, will be found in columns 1 and 2 of page 5556 and column 1 of page 5557 of the Congressional Record. In column 1 of page 5556 Mr. Sherley refers to the impropriety of permitting the Secret Service men to investigate men in the departments, officers of the army and navy, and Senators and Congressmen; in column 2 he refers to officers of the navy and Members of Congress; in column 1, page 5557, he refers only to Members of Congress. His speech puts most weight on the investigation of Members of Congress.

What appears in the record is filled out and explained by an article which appeared in the Chicago Inter-Ocean of January 3, 1904, under a Washington headline, and which marked the beginning of this agitation against the Secret Service. It was a special article of about 3,000 words, written, as I was then informed and now under-

stand, by Mr. L. W. Busbey, at that time private secretary to the Speaker of the House. I inclose a copy of certain extracts from the article, marked Appendix B. It contained an utterly unwarranted attack on the Secret Service Division of the Treasury Department and its chief. The opening paragraph includes, for instance, statements like the following:

"He (the chief of the division) and his men are desirous of doing the secret detective work for the whole Government and are not particular about drawing the line between the lawmakers and the lawbreakers. They are ready to shadow the former as well as the latter."

Then, after saying that Congress will insist that the men shall only be used to stop counterfeiting, the article goes on:

"Congress does not intend to have a Fouche or any other kind of minister of police to be used by the executive departments against the legislative branch of the Government. It has been so used, and it is suspected that it has been so used recently. * * * The legislative branch of the Government will not tolerate the meddling of detectives, whether they represent the President, Cabinet officers, or only themselves. * * * Congressmen resented the secret interference of the Secret Service men, who for weeks shadowed some of the most respected Members of the House and Senate. * * * When it was discovered that the Secret Service men were shadowing Congressmen there was a storm of indignation at the Capitol, and the bureau came near being abolished and the appropriation for the suppression of counterfeiting cut off. * * * At another time the chief of the Secret Service had his men shadow Congressmen with a view to involving them in scandals that would enable the bureau to dictate to them as to the price of silence. * * * The Secret Service men have shown an inclination again to shadow Members of Congress, knowing them to be lawmakers, and this is no joke. Several of the departments have asked Congress for secret funds for investigation, and the Treasury Department wants the limitation removed from the appropriation for suppressing counterfeiting. This shows a tendency toward Foucheism and a secret watch on other officials than themselves."

At the time of this publication the work of the Secret Service which was thus assailed included especially the investigation of great land frauds in the West and the securing of evidence to help the Department of Justice in the beef-trust investigations at Chicago, which resulted in successful prosecutions.

In view of Mr. Busbey's position, I have accepted the above quoted statements as fairly expressing the real meaning and animus of the attacks made in general terms on the use of the Secret Service for the punishment of criminals. Furthermore, in the performance of

my duty, to endeavor to find the feelings of Congressmen on public questions of note, I have frequently discussed this particular matter with Members of Congress, and on such occasions the reasons alleged to me for the hostility of Congress to the Secret Service, both by those who did and by those who did not share this hostility, were almost invariably the same as those set forth in Mr. Busbey's article. I may add, by the way, that these allegations as to the Secret Service are wholly without foundation in fact.

But all of this is of insignificant importance compared with the main, the real, issue. This issue is simply, Does Congress desire that the Government shall have at its disposal the most efficient instrument for the detection of criminals and the prevention and punishment of crime, or does it not? The action of the House last May was emphatically an action against the interest of justice and against the interest of law-abiding people, and in its effect of benefit only to lawbreakers. I am not now dealing with motives; whatever may have been the motive that induced the action of which I speak, this was beyond all question the effect of that action. Is the House now willing to remedy the wrong?

For a long time I contented myself with endeavoring to persuade the House not to permit the wrong, speaking informally on the subject with those members who, I believed, knew anything of the matter, and communicating officially only in the ordinary channels, as through the Secretary of the Treasury. In a letter to the Speaker on April 30, protesting against the cutting down of the appropriation vitally necessary if the Interstate Commerce Commission was to carry into effect the twentieth section of the Hepburn law, I added: "The provision about the employment of the Secret Service men will work very great damage to the Government in its endeavor to prevent and punish crime. There is no more foolish outcry than this against 'spies;' only criminals *need fear our detectives.*" (I inclose copy of the whole letter, marked "Appendix C." The postscript is blurred in my copybook, and two or three of the words can not be deciphered.) These methods proved unavailing to prevent the wrong. Messrs. Tawney and Smith and their fellow members on the Appropriations Committee paid no heed to the protests; and as the obnoxious provision was incorporated in the sundry civil bill, it was impossible for me to consider or discuss it on its merits, as I should have done had it been in a separate bill. Therefore I have now taken the only method available, that of discussing it in my message to Congress; and as all efforts to secure what I regard as proper treatment of the subject without recourse to plain speaking had failed, I have spoken plainly and directly, and have set forth the facts in explicit terms.

Since 1901 the investigations covered by the Secret Service Divi-

sion—under the practice which had been for many years recognized as proper and legitimate, and which had received the sanction of the highest law officers of the Government—have covered a wide range of offenses against the federal law. By far the most important of these related to the public domain, as to which there was uncovered a far-reaching and widespread system of fraudulent transactions involving both the illegal acquisition and the illegal fencing of Government land, and, in connection with both these offenses, the crimes of perjury and subornation of perjury. Some of the persons involved in these violations were of great wealth and of wide political and social influence. Both their corporate associations and their political affiliations and the lawless character of some of their employees made the investigations not only difficult but dangerous. In Colorado one of the Secret Service men was assassinated. In Nebraska it was necessary to remove a United States attorney and a United States marshal before satisfactory progress could be made in the prosecution of the offenders.

The evidence in all these cases was chiefly secured by men trained in the Secret Service and detailed to the Department of Justice at the request of that Department and of the Department of the Interior. In the State of Nebraska alone sixty defendants were indicted, and of the thirty-two cases thus far brought to trial twenty-eight have resulted in conviction, two of the principals, Messrs. Comstock and Richards, men of wealth and wide influence, being sentenced to twelve months in jail and fined $1,500 each. The following Secret Service memorandum made in the course of a pending case illustrates the ramifications of interest with which the Government has to deal:

"Charles T. Stewart, of Council Bluffs, was indicted at Omaha for conspiracy to defraud the Government of the title to public lands in McPherson County, Nebr.; also indicted for maintaining an unlawful inclosure of the public lands, and also under indictment for perjury in connection with final proof submitted by him on lands filed on by him as a homestead. In his final proof he swore that he and his family had resided on the lands in McPherson County (which are within his unlawful inclosure), when as a matter of fact his family has at all times resided in Council Bluffs, Iowa. He is engaged in the wholesale grocery business, his store being located in Omaha, in the wholesale district there. He is reputed to be quite wealthy. Stewart's attorneys are Harl & Tinley, of Council Bluffs, Iowa, who are also the attorneys at that place for the Omaha and Council Bluffs Street Railway Company, in which company Harl holds considerable stock, Stewart being also a stockholder and possibly a director of the company. He is also represented in Omaha by W. J. Connell, one of the attorneys there for the same company. Stewart is also represented in his perjury case by 'Bill' Gurley, of

Omaha, Nebr., who at one time was quite closely connected in a political way with the U. P. R. R. Company; Stewart is also closely associated with C. B. Hazleton, postmaster at Council Bluffs. Harl & Tinley and Hazleton are all members of the same lodge. Another close personal friend of Stewart's is Ed. Hart, alias 'Waterworks' Hart, president of the Council Bluffs Water Company, and interested in the street railway. Stewart's father was interested in, and practically owned and controlled, during his lifetime, a large ranch along the U. P. R. R. in Nebraska, and did a great deal of business with that road."

Concerning this case the United States attorney at Omaha states: "There are three cases against Stewart, one for fencing, one conspiracy, one perjury—all good cases and chances of conviction good."

In connection with the Nebraska prosecution the Government has by decree secured the return to the Government of over a million acres of grazing land, in Colorado of more than 2,000 acres of mineral land, and suits are now pending involving 150,000 acres more.

All these investigations in the land cases were undertaken in consequence of Mr. Hitchcock, the then Secretary of the Interior, becoming convinced that there were extensive frauds committed in his Department; and the ramifications of the frauds were so far-reaching that he was afraid to trust his own officials to deal in thoroughgoing fashion with them. One of the Secret Service men accordingly resigned and was appointed in the Interior Department to carry on this work. The first thing he discovered was that the special agents' division or corps of detectives of the Land Office of the Interior Department was largely under the control of the land thieves, and in consequence the investigations above referred to had to be made by Secret Service men.

If the present law, for which Messrs. Tawney, Smith, and the other gentlemen I have above mentioned are responsible, had then been in effect, this action would have been impossible, and most of the criminals would unquestionably have escaped. No more striking instance can be imagined of the desirability of having a central corps of skilled investigating agents who can at any time be assigned, if necessary in large numbers, to investigate some violation of the Federal statutes, in no matter what branch of the public service. In this particular case most of the men investigated who were public servants were in the executive branch of the Government. But in Oregon, where an enormous acreage of fraudulently alienated public land was recovered for the Government, a United States Senator, Mr. Mitchell, and a Member of the lower House, Mr. Williamson, were convicted on evidence obtained by men transferred from the Secret Service, and another Member of Congress was indicted.

From 1901 to 1904 a successful investigation of naturalization

affairs was made by the Secret Service, with the result of obtaining hundreds of convictions of conspirators who were convicted of selling fraudulent papers of naturalization. (Subsequently, Congress passed a very wise law providing a special service and appropriation for the prevention of naturalization frauds; but unfortunately, at the same time that the action against the Secret Service was taken, Congress also cut down the appropriation for this special service, with the result of crippling the effort to stop frauds in naturalization.) The fugitives Greene and Gaynor, implicated in a peculiarly big Government contract fraud, were located and arrested in Canada by the Secret Service, and thanks to this they have since gone to prison for their crimes.

The Secret Service was used to assist in the investigation of crimes under the peonage laws, and owing partly thereto numerous convictions were secured and the objectionable practice was practically stamped out, at least in many districts. The most extensive smuggling of silk and opium in the history of the Treasury Department was investigated by agents of the Secret Service in New York and Seattle and a successful prosecution of the offenders undertaken. Assistance of the utmost value was rendered to the Department of Justice in the beef-trust investigation at Chicago, prosecutions were followed up and fines inflicted. The cotton-leak scandal in the Agricultural Department was investigated and the responsible parties located. What was done in connection with lottery investigations is disclosed in a letter just sent to me by the United States attorney for Delaware, running as follows:

"The destruction of the Honduras National Lottery Company, successor to the Louisiana Lottery Company, was entirely the work of the Secret Service. * * * This excellent work was accomplished by Mr. Wilkie and his subordinates. I thought it might be timely to recall this prosecution."

Three hundred thousand dollars in fines were collected by the Government in the lottery cases. Again, the ink contract fraud in the Bureau of Engraving and Printing (a bureau of the Treasury Department) was investigated by the Secret Service and the guilty parties brought to justice. Mr. Tawney stated in the debate that this was not investigated by the Secret Service, but by a clerk "down there," conveying the impression that the clerk was not in the Secret Service. As a matter of fact, he was in the Secret Service; his name was Moran, and he was promoted to assistant chief for the excellence of his work in this case. The total expense for the office and field force of the Secret Service last year was $135,000, and by this one investigation they saved to the Government over $100,000 a year. Thanks to the restriction imposed by Congress, it is now very difficult for the Secretary of the Treasury to use the

Secret Service freely even in his own department; for instance, to use them to repeat what they did so admirably in the case of this ink contract. The Government is further crippled by the law forbidding it to employ detective agencies. Of course the Government can detect the most dangerous crimes, and punish the worst criminals, only by the use, either of the Secret Service or of private detectives; to hamper it in using the one, and forbid it to resort to the other, can inure to the benefit of none save the criminals.

The facts above given show beyond possibility of doubt that what the Secretary of the Treasury and I had both written prior to the enactment of the obnoxious provision, and what I have since written in my message to the Congress, state the facts exactly as they are. The obnoxious provision is of benefit only to the criminal class and can be of benefit only to the criminal class. If it had been embodied in the law at the time when I became President all the prosecutions above mentioned, and many others of the same general type, would either not have been undertaken or would have been undertaken with the Government at a great disadvantage; and many, and probably most, of the chief offenders would have gone scot-free instead of being punished for their crimes.

Such a body as the Secret Service, such a body of trained investigating agents, occupying a permanent position in the Government service, and separate from local investigating forces in different Departments, is an absolute necessity if the best work is to be done against criminals. It is by far the most efficient instrument possible to use against crime. Of course the more efficient an instrument is, the more dangerous it is if misused. To the argument that a force like this can be misused it is only necessary to answer that the condition of its usefulness if handled properly is that it shall be so efficient as to be dangerous if handled improperly. Any instance of abuse by the Secret Service or other investigating force in the Departments should be unsparingly punished; and Congress should hold itself ready at any and all times to investigate the executive departments whenever there is reason to believe that any such instance of abuse has occurred. I wish to emphasize my more than cordial acquiescence in the view that this is not only the right of Congress, but emphatically its duty. To use the Secret Service in the investigation of purely private or political matters would be a gross abuse. But there has been no single instance of such abuse during my term as President.

In conclusion, I most earnestly ask, in the name of good government and decent administration, in the name of honesty and for the purpose of bringing to justice violators of the federal laws wherever they may be found, whether in public or private life, that the action taken by the House last year be reversed. When this action was

taken, the Senate committee, under the lead of the late Senator Allison, having before it a strongly-worded protest (Appendix D) from Secretary Cortelyou like that he had sent to Mr. Tawney, accepted the Secretary's views; and the Senate passed the bill in the shape presented by Senator Allison. In the conference, however, the House conferees insisted on the retention of the provision they had inserted, and the Senate yielded.

The Chief of the Secret Service is paid a salary utterly inadequate to the importance of his functions and to the admirable way in which he has performed them. I earnestly urge that it be increased to $6,000 per annum. I also urge that the Secret Service be placed where it properly belongs, and made a bureau in the Department of Justice, as the Chief of the Secret Service has repeatedly requested; but whether this is done or not, it should be explicitly provided that the Secret Service can be used to detect and punish crime wherever it is found.

THEODORE ROOSEVELT.

THE WHITE HOUSE, *January 4, 1909.*

SPECIAL MESSAGE.

To the Senate and House of Representatives:

I transmit herewith the report of the Commission on Country Life. At the outset I desire to point out that not a dollar of the public money has been paid to any commissioner for his work on the commission.

The report shows the general condition of farming life in the open country, and points out its larger problems; it indicates ways in which the Government, National and State, may show the people how to solve some of these problems; and it suggests a continuance of the work which the commission began.

Judging by thirty public hearings, to which farmers and farmers' wives from forty States and Territories came, and from 120,000 answers to printed questions sent out by the Department of Agriculture, the commission finds that the general level of country life is high compared with any preceding time or with any other land. If it has in recent years slipped down in some places, it has risen in more places. Its progress has been general, if not uniform.

Yet farming does not yield either the profit or the satisfaction that it ought to yield and may be made to yield. There is discontent in the country, and in places discouragement. Farmers as a class do not magnify their calling, and the movement to the towns, though, I am happy to say, less than formerly, is still strong.

Under our system, it is helpful to promote discussion of ways in

which the people can help themselves. There are three main directions in which the farmers can help themselves; namely, better farming, better business, and better living on the farm. The National Department of Agriculture, which has rendered services equaled by no other similar department in any other time or place; the state departments of agriculture; the state colleges of agriculture and the mechanic arts, especially through their extension work; the state agricultural experiment stations; the Farmers' Union; the Grange; the agricultural press; and other similar agencies; have all combined to place within the reach of the American farmer an amount and quality of agricultural information which, if applied, would enable him, over large areas, to double the production of the farm.

The object of the Commission on Country Life therefore is not to help the farmer raise better crops, but to call his attention to the opportunities for better business and better living on the farm. If country life is to become what it should be, and what I believe it ultimately will be—one of the most dignified, desirable, and sought-after ways of earning a living—the farmer must take advantage not only of the agricultural knowledge which is at his disposal, but of the methods which have raised and continue to raise the standards of living and of intelligence in other callings.

Those engaged in all other industrial and commercial callings have found it necessary, under modern economic conditions, to organize themselves for mutual advantage and for the protection of their own particular interests in relation to other interests. The farmers of every progressive European country have realized this essential fact and have found in the co-operative system exactly the form of business combination they need.

Now whatever the State may do toward improving the practice of agriculture, it is not within the sphere of any government to reorganize the farmers' business or reconstruct the social life of farming communities. It is, however, quite within its power to use its influence and the machinery of publicity which it can control for calling public attention to the needs and the facts. For example, it is the obvious duty of the Government to call the attention of farmers to the growing monopolization of water power. The farmers above all should have that power, on reasonable terms, for cheap transportation, for lighting their homes, and for innumerable uses in the daily tasks on the farm.

It would be idle to assert that life on the farm occupies as good a position in dignity, desirability, and business results as the farmers might easily give it if they chose. One of the chief difficulties is the failure of country life, as it exists at present, to satisfy the higher social and intellectual aspirations of country people. Whether the con-

stant draining away of so much of the best elements in the rural population into the towns is due chiefly to this cause or to the superior business opportunities of city life may be open to question. But no one at all familiar with farm life throughout the United States can fail to recognize the necessity for building up the life of the farm upon its social as well as upon its productive side.

It is true that country life has improved greatly in attractiveness, health and comfort, and that the farmer's earnings are higher than they were. But city life is advancing even more rapidly, because of the greater attention which is being given by the citizens of the towns to their own betterment. For just this reason the introduction of effective agricultural co-operation throughout the United States is of the first importance. Where farmers are organized co-operatively they not only avail themselves much more readily of business opportunities and improved methods, but it is found that the organizations which bring them together in the work of their lives are used also for social and intellectual advancement.

The co-operative plan is the best plan of organization wherever men have the right spirit to carry it out. Under this plan any business undertaking is managed by a committee; every man has one vote and only one vote; and everyone gets profits according to what he sells or buys or supplies. It develops individual responsibility and has a moral as well as a financial value over any other plan.

I desire only to take counsel with the farmers as fellow-citizens. It is not the problem of the farmers alone that I am discussing with them, but a problem which affects every city as well as every farm in the country. It is a problem which the working farmers will have to solve for themselves; but it is a problem which also affects in only less degree all the rest of us, and therefore if we can render any help toward its solution it is not only our duty but our interest to do so.

The foregoing will, I hope, make it clear why I appointed a commission to consider problems of farm life which have hitherto had far too little attention, and the neglect of which has not only held back life in the country, but also lowered the efficiency of the whole nation. The welfare of the farmer is of vital consequence to the welfare of the whole community. The strengthening of country life, therefore, is the strengthening of the whole nation.

The commission has tried to help the farmers to see clearly their own problem and to see it as a whole; to distinguish clearly between what the Government can do and what the farmers must do for themselves; and it wishes to bring not only the farmers but the Nation as a whole to realize that the growing of crops, though an essential part, is only a part of country life. Crop growing is the

essential foundation; but it is no less essential that the farmer shall get an adequate return for what he grows; and it is no less essential—indeed it is literally vital—that he and his wife and his children shall lead the right kind of life.

For this reason, it is of the first importance that the United States Department of Agriculture, through which as prime agent the ideas the commission stands for must reach the people, should become without delay in fact a Department of Country Life, fitted to deal not only with crops, but also with all the larger aspects of life in the open country.

From all that has been done and learned three great general and immediate needs of country life stand out:

First, effective co-operation among farmers, to put them on a level with the organized interests with which they do business.

Second, a new kind of schools in the country, which shall teach the children as much outdoors as indoors and perhaps more, so that they will prepare for country life, and not, as at present, mainly for life in town.

Third, better means of communication, including good roads and a parcels post, which the country people are everywhere, and rightly, unanimous in demanding.

To these may well be added better sanitation; for easily preventable diseases hold several million country people in the slavery of continuous ill health.

The commission points out, and I concur in the conclusion, that the most important help that the Government, whether National or State, can give is to show the people how to go about these tasks of organization, education and communication with the best and quickest results. This can be done by the collection and spread of information. One community can thus be informed of what other communities have done, and one country of what other countries have done. Such help by the people's government would lead to a comprehensive plan of organization, education and communication, and make the farming country better to live in, for intellectual and social reasons as well as for purely agricultural reasons.

The Government through the Department of Agriculture does not cultivate any man's farm for him. But it does put at his service useful knowledge that he would not otherwise get. In the same way the National and State Governments might put into the people's hands the new and right knowledge of school work. The task of maintaining and developing the schools would remain, as now, with the people themselves.

The only recommendation I submit is that an appropriation of $25,000 be provided, to enable the commission to digest the material

it has collected, and to collect and to digest much more that is within its reach, and thus complete its work. This would enable the commission to gather in the harvest of suggestion which is resulting from the discussion it has stirred up. The commissioners have served without compensation, and I do not recommend any appropriation for their services, but only for the expenses that will be required to finish the task that they have begun.

To improve our system of agriculture seems to me the most urgent of the tasks which lie before us. But it can not, in my judgment, be effected by measures which touch only the material and technical side of the subject; the whole business and life of the farmer must also be taken into account. Such considerations led me to appoint the Commission on Country Life. Our object should be to help develop in the country community the great ideals of community life as well as of personal character. One of the most important adjuncts to this end must be the country church, and I invite your attention to what the commission says of the country church and of the need of an extension of such work as that of the Young Men's Christian Association in country communities. Let me lay special emphasis upon what the Commission says at the very end of its report on personal ideals and local leadership. Everything resolves itself in the end into the question of personality. Neither society nor government can do much for country life unless there is voluntary response in the personal ideals of the men and women who live in the country. In the development of character, the home should be more important than the school, or than society at large. When once the basic material needs have been met, high ideals may be quite independent of income; but they can not be realized without sufficient income to provide adequate foundation; and where the community at large is not financially prosperous it is impossible to develop a high average personal and community ideal. In short, the fundamental facts of human nature apply to men and women who live in the country just as they apply to men and women who live in the towns. Given a sufficient foundation of material well being, the influence of the farmers and farmers' wives on their children becomes the factor of first importance in determining the attitude of the next generation toward farm life. The farmer should realize that the person who most needs consideration on the farm is his wife. I do not in the least mean that she should purchase ease at the expense of duty. Neither man nor woman is really happy or really useful save on condition of doing his or her duty. If the woman shirks her duty as housewife, as home keeper, as the mother whose prime function it is to bear and rear a sufficient number of healthy children, then she is not entitled to our regard. But if she does her duty she is more entitled to our regard

even than the man who does his duty; and the man should show special consideration for her needs.

I warn my countrymen that the great recent progress made in city life is not a full measure of our civilization; for our civilization rests at bottom on the wholesomeness, the attractiveness and the completeness, as well as the prosperity, of life in the country. The men and women on the farms stand for what is fundamentally best and most needed in our American life. Upon the development of country life rests ultimately our ability, by methods of farming requiring the highest intelligence, to continue to feed and clothe the hungry nations; to supply the city with fresh blood, clean bodies and clear brains that can endure the terrific strain of modern life; we need the development of men in the open country, who will be in the future, as in the past, the stay and strength of the nation in time of war, and its guiding and controlling spirit in time of peace.

THEODORE ROOSEVELT.

THE WHITE HOUSE, *February* 9, 1909.

SPECIAL MESSAGE.

To the Senate and House of Representatives:

I transmit herewith a report of the National Conservation Commission, together with the accompanying papers. This report, which is the outgrowth of the conference of governors last May, was unanimously approved by the recent joint conference held in this city between the National Conservation Commission and governors of States, state conservation commissions, and conservation committees of great organizations of citizens. It is therefore in a peculiar sense representative of the whole nation and all its parts.

With the statements and conclusions of this report I heartily concur, and I commend it to the thoughtful consideration both of the Congress and of our people generally. It is one of the most fundamentally important documents ever laid before the American people. It contains the first inventory of its natural resources ever made by any nation. In condensed form it presents a statement of our available capital in material resources, which are the means of progress, and calls attention to the essential conditions upon which the perpetuity, safety and welfare of this nation now rest and must always continue to rest. It deserves, and should have, the widest possible distribution among the people.

The facts set forth in this report constitute an imperative call to action. The situation they disclose demands that we, neglecting for a

time, if need be, smaller and less vital questions, shall concentrate an effective part of our attention upon the great material foundations of national existence, progress and prosperity.

This first inventory of natural resources prepared by the National Conservation Commission is undoubtedly but the beginning of a series which will be indispensable for dealing intelligently with what we have. It supplies as close an approximation to the actual facts as it was possible to prepare with the knowledge and time available. The progress of our knowledge of this country will continually lead to more accurate information and better use of the sources of national strength. But we can not defer action until complete accuracy in the estimates can be reached, because before that time many of our resources will be practically gone. It is not necessary that this inventory should be exact in every minute detail. It is essential that it should correctly describe the general situation; and that the present inventory does. As it stands it is an irrefutable proof that the conservation of our resources is the fundamental question before this nation, and that our first and greatest task is to set our house in order and begin to live within our means.

The first of all considerations is the permanent welfare of our people; and true moral welfare, the highest form of welfare, can not permanently exist save on a firm and lasting foundation of material well-being. In this respect our situation is far from satisfactory. After every possible allowance has been made, and when every hopeful indication has been given its full weight, the facts still give reason for grave concern. It would be unworthy of our history and our intelligence, and disastrous to our future, to shut our eyes to these facts or attempt to laugh them out of court. The people should and will rightly demand that the great fundamental questions shall be given attention by their representatives. I do not advise hasty or ill-considered action on disputed points, but I do urge, where the facts are known, where the public interest is clear, that neither indifference and inertia, nor adverse private interests, shall be allowed to stand in the way of the public good.

The great basic facts are already well known. We know that our population is now adding about one-fifth to its numbers in ten years, and that by the middle of the present century perhaps one hundred and fifty million Americans, and by its end very many millions more, must be fed and clothed from the products of our soil. With the steady growth in population and the still more rapid increase in consumption our people will hereafter make greater and not less demands per capita upon all the natural resources for their livelihood, comfort and convenience. It is high time to realize that our responsibility to

the coming millions is like that of parents to their children, and that in wasting our resources we are wronging our descendants.

We know now that our rivers can and should be made to serve our people effectively in transportation, but that the vast expenditures for our waterways have not resulted in maintaining, much less in promoting, inland navigation. Therefore, let us take immediate steps to ascertain the reasons and to prepare and adopt a comprehensive plan for inland-waterway navigation that will result in giving the people the benefits for which they have paid, but which they have not yet received. We know now that our forests are fast disappearing, that less than one-fifth of them are being conserved, and that no good purpose can be met by failing to provide the relatively small sums needed for the protection, use and improvement of all forests still owned by the Government, and to enact laws to check the wasteful destruction of the forests in private hands. There are differences of opinion as to many public questions; but the American people stand nearly as a unit for waterway development and for forest protection.

We know now that our mineral resources once exhausted are gone forever, and that the needless waste of them costs us hundreds of human lives and nearly $300,000,000 a year. Therefore, let us undertake without delay the investigations necessary before our people will be in position, through state action or otherwise, to put an end to this huge loss and waste, and conserve both our mineral resources and the lives of the men who take them from the earth.

I desire to make grateful acknowledgment to the men, both in and out of the government service, who have prepared the first inventory of our natural resources. They have made it possible for this nation to take a great step forward. Their work is helping us to see that the greatest questions before us are not partisan questions, but questions upon which men of all parties and all shades of opinion may be united for the common good. Among such questions, on the material side, the conservation of natural resources stands first. It is the bottom round of the ladder on our upward progress toward a condition in which the nation as a whole, and its citizens as individuals, will set national efficiency and the public welfare before personal profit.

The policy of conservation is perhaps the most typical example of the general policies which this Government has made peculiarly its own during the opening years of the present century. The function of our Government is to insure to all its citizens, now and hereafter, their rights to life, liberty and the pursuit of happiness. If we of this generation destroy the resources from which our children would otherwise derive their livelihood, we reduce the capacity of our land to support a population, and so either degrade the standard of living or deprive the coming generations of their right to life on this con-

tinent. If we allow great industrial organizations to exercise unregulated control of the means of production and the necessaries of life, we deprive the Americans of today and of the future of industrial liberty, a right no less precious and vital than political freedom. Industrial liberty was a fruit of political liberty, and in turn has become one of its chief supports, and exactly as we stand for political democracy so we must stand for industrial democracy.

The rights to life and liberty are fundamental, and like other fundamental necessities, when once acquired, they are little dwelt upon. The right to the pursuit of happiness is the right whose presence or absence is most likely to be felt in daily life. In whatever it has accomplished, or failed to accomplish, the administration which is just drawing to a close has at least seen clearly the fundamental need of freedom of opportunity for every citizen. We have realized that the right of every man to live his own life, provide for his family, and endeavor, according to his abilities, to secure for himself and for them a fair share of the good things of existence, should be subject to one limitation and to no other. The freedom of the individual should be limited only by the present and future rights, interests and needs of the other individuals who make up the community. We should do all in our power to develop and protect individual liberty, individual initiative, but subject always to the need of preserving and promoting the general good. When necessary, the private right must yield, under due process of law and with proper compensation, to the welfare of the commonwealth. The man who serves the community greatly should be greatly rewarded by the community; as there is great inequality of service, so there must be great inequality of reward; but no man and no set of men should be allowed to play the game of competition with loaded dice.

All this is simply good common sense. The underlying principle of conservation has been described as the application of common sense to common problems for the common good. If the description is correct, then conservation is the great fundamental basis for national efficiency. In this stage of the world's history to be fearless, to be just, and to be efficient are the three great requirements of national life. National efficiency is the result of natural resources well handled, of freedom of opportunity for every man, and of the inherent capacity, trained ability, knowledge and will, collectively and individually to use that opportunity.

This administration has achieved some things; it has sought, but has not been able, to achieve others; it has doubtless made mistakes; but all it has done or attempted has been in the single, consistent effort to secure and enlarge the rights and opportunities of the men and women of the United States. We are trying to conserve what is good in our

social system, and we are striving toward this end when we endeavor to do away with what is bad. Success may be made too hard for some if it is made too easy for others. The rewards of common industry and thrift may be too small if the rewards for other, and on the whole less valuable, qualities, are made too large, and especially if the rewards for qualities which are really, from the public standpoint, undesirable, are permitted to become too large. Our aim is so far as possible to provide such conditions that there shall be equality of opportunity where there is equality of energy, fidelity and intelligence; when there is a reasonable equality of opportunity the distribution of rewards will take care of itself.

The unchecked existence of monopoly is incompatible with equality of opportunity. The reason for the exercise of government control over great monopolies is to equalize opportunity. We are fighting against privilege. It was made unlawful for corporations to contribute money for election expenses in order to abridge the power of special privilege at the polls. Railroad-rate control is an attempt to secure an equality of opportunity for all men affected by rail transportation; and that means all of us. The great anthracite coal strike was settled, and the pressing danger of a coal famine averted, because we recognized that the control of a public necessity involves a duty to the people, and that public intervention in the affairs of a public-service corporation is neither to be resented as usurpation nor permitted as a privilege by the corporations, but on the contrary to be accepted as a duty and exercised as a right by the Government in the interest of all the people. The efficiency of the army and the navy has been increased so that our people may follow in peace the great work of making this country a better place for Americans to live in, and our navy was sent round the world for the same ultimate purpose. All the acts taken by the Government during the last seven years, and all the policies now being pursued by the Government, fit in as parts of a consistent whole.

Our public-land policy has for its aim the use of the public land so that it will promote local development by the settlement of home makers; the policy we champion is to serve all the people legitimately and openly, instead of permitting the lands to be converted, illegitimately and under cover, to the private benefit of a few. Our forest policy was established so that we might use the public forests for the permanent public good, instead of merely for temporary private gain. The reclamation act, under which the desert parts of the public domain are converted to higher uses for the general benefit, was passed so that more Americans might have homes on the land.

These policies were enacted into law and have justified their enactment. Others have failed, so far, to reach the point of action. Among such is the attempt to secure public control of the open range

and thus to convert its benefits to the use of the small man, who is the home maker, instead of allowing it to be controlled by a few great cattle and sheep owners.

The enactment of a pure food law was a recognition of the fact that the public welfare outweighs the right to private gain, and that no man may poison the people for his private profit. The employers' liability bill recognized the controlling fact that while the employer usually has at stake no more than his profit, the stake of the employee is a living for himself and his family.

We are building the Panama Canal; and this means that we are engaged in the giant engineering feat of all time. We are striving to add in all ways to the habitability and beauty of our country. We are striving to hold in the public hands the remaining supply of unappropriated coal, for the protection and benefit of all the people. We have taken the first steps toward the conservation of our natural resources, and the betterment of country life, and the improvement of our waterways. We stand for the right of every child to a childhood free from grinding toil, and to an education; for the civic responsibility and decency of every citizen; for prudent foresight in public matters, and for fair play in every relation of our national and economic life. In international matters we apply a system of diplomacy which puts the obligations of international morality on a level with those that govern the actions of an honest gentleman in dealing with his fellow-men. Within our own border we stand for truth and honesty in public and in private life; and we war sternly against wrongdoers of every grade. All these efforts are integral parts of the same attempt, the attempt to enthrone justice and righteousness, to secure freedom of opportunity to all of our citizens, now and hereafter, and to set the ultimate interest of all of us above the temporary interest of any individual, class, or group.

The nation, its government, and its resources exist, first of all, for the American citizen, whatever his creed, race, or birthplace, whether he be rich or poor, educated or ignorant, provided only that he is a good citizen, recognizing his obligations to the nation for the rights and opportunities which he owes to the nation.

The obligations, and not the rights, of citizenship increase in proportion to the increase of a man's wealth or power. The time is coming when a man will be judged, not by what he has succeeded in getting for himself from the common store, but by how well he has done his duty as a citizen, and by what the ordinary citizen has gained in freedom of opportunity because of his service for the common good. The highest value we know is that of the individual citizen, and the highest justice is to give him fair play in the effort to realize the best there is in him.

The tasks this nation has to do are great tasks. They can only be done at all by our citizens acting together, and they can be done best of all by the direct and simple application of homely common sense. The application of common sense to common problems for the common good, under the guidance of the principles upon which this republic was based, and by virtue of which it exists, spells perpetuity for the nation, civil and industrial liberty for its citizens, and freedom of opportunity in the pursuit of happiness for the plain American, for whom this nation was founded, by whom it was preserved, and through whom alone it can be perpetuated. Upon this platform—larger than party differences, higher than class prejudice, broader than any question of profit and loss—there is room for every American who realizes that the common good stands first.

The National Conservation Commission wisely confined its report to the statement of facts and principles, leaving the Executive to recommend the specific steps to which these facts and principles inevitably lead. Accordingly, I call your attention to some of the larger features of the situation disclosed by the report, and to the action thereby clearly demanded for the general good.

WATERS.

The report says:

"Within recent months it has been recognized and demanded by the people, through many thousand delegates from all States assembled in convention in different sections of the country, that the waterways should and must be improved promptly and effectively as a means of maintaining national prosperity.

"The first requisite for waterway improvement is the control of the waters in such manner as to reduce floods and regulate the regimen of the navigable rivers. The second requisite is development of terminals and connection in such manner as to regulate commerce."

Accordingly, I urge that the broad plan for the development of our waterways, recommended by the Inland Waterways Commission, be put in effect without delay. It provides for a comprehensive system of waterway improvement extending to all the uses of the waters and benefits to be derived from their control, including navigation, the development of power, the extension of irrigation, the drainage of swamp and overflow lands, the prevention of soil wash, and the purification of streams for water supply. It proposes to carry out the work by co-ordinating agencies in the federal departments through the medium of an administrative commission or board, acting in cooperation with the States and other organizations and individual citizens.

The work of waterway development should be undertaken without

delay. Meritorious projects in known conformity with the general outlines of any comprehensive plan should proceed at once. The cost of the whole work should be met by direct appropriation if possible, but if necessary by the issue of bonds in small denominations.

It is especially important that the development of water power should be guarded with the utmost care both by the National Government and by the States in order to protect the people against the upgrowth of monopoly and to insure to them a fair share in the benefits which will follow the development of this great asset which belongs to the people and should be controlled by them.

FORESTS.

I urge that provision be made for both protection and more rapid development of the national forests. Otherwise, either the increasing use of these forests by the people must be checked or their protection against fire must be dangerously weakened. If we compare the actual fire damage on similar areas on private and national forest lands during the past year, the government fire patrol saved commercial timber worth as much as the total cost of caring for all national forests at the present rate for about ten years.

I especially commend to the Congress the facts presented by the commission as to the relation between forests and stream flow in its bearing upon the importance of the forest lands in national ownership. Without an understanding of this intimate relation the conservation of both these natural resources must largely fail.

The time has fully arrived for recognizing in the law the responsibility to the community, the State, and the nation which rests upon the private owners of private lands. The ownership of forest land is a public trust. The man who would so handle his forest as to cause erosion and to injure stream flow must be not only educated, but he must be controlled.

The report of the National Conservation Commission says:

"Forests in private ownership can not be conserved unless they are protected from fire. We need good fire laws, well enforced. Fire control is impossible without an adequate force of men whose sole duty is fire patrol during the dangerous season."

I hold as first among the tasks before the States and the nation in their respective shares in forest conservation the organization of efficient fire patrols and the enactment of good fire laws on the part of the States.

The report says further:

"Present tax laws prevent reforestation of cut-over land and the perpetuation of existing forests by use. An annual tax upon the land

itself, exclusive of the timber, and a tax upon the timber when cut is well adapted to actual conditions of forest investment and is practicable and certain. It is far better that forest land should pay a moderate tax permanently than that it should pay an excessive revenue temporarily and then cease to yield at all."

Second only in importance to good fire laws well enforced is the enactment of tax laws which will permit the perpetuation of existing forests by use.

LANDS.

With our increasing population the time is not far distant when the problem of supplying our people with food will become pressing. The possible additions to our arable area are not great, and it will become necessary to obtain much larger crops from the land, as is now done in more densely settled countries. To do this, we need better farm practice and better strains of wheat, corn and other crop plants, with a reduction in losses from soil erosion and from insects, animals and other enemies of agriculture. The United States Department of Agriculture is doing excellent work in these directions and it should be liberally supported.

The remaining public lands should be classified and the arable lands disposed of to home makers. In their interest the timber and stone act and the commutation clause of the homestead act should be repealed, and the desert-land law should be modified in accordance with the recommendations of the Public Lands Commission.

The use of the public grazing lands should be regulated in such ways as to improve and conserve their value.

Rights to the surface of the public land should be separated from rights to forests upon it and to minerals beneath it, and these should be subject to separate disposal.

The coal, oil, gas and phosphate rights still remaining with the Government should be withdrawn from entry and leased under conditions favorable for economic development.

MINERALS.

The accompanying reports show that the consumption of nearly all of our mineral products is increasing more rapidly than our population. Our mineral waste is about one-sixth of our product, or nearly $1,000,000 for each working day in the year. The loss of structural materials through fire is about another million a day. The loss of life in the mines is appalling. The larger part of these losses of life and property can be avoided.

Our mineral resources are limited in quantity and can not be in-

creased or reproduced. With the rapidly increasing rate of consumption the supply will be exhausted while yet the nation is in its infancy, unless better methods are devised or substitutes are found. Further investigation is urgently needed in order to improve methods and to develop and apply substitutes.

It is of the utmost importance that a Bureau of Mines be established in accordance with the pending bill to reduce the loss of life in mines and the waste of mineral resources and to investigate the methods and substitutes for prolonging the duration of our mineral supplies. Both the need and the public demand for such a bureau are rapidly becoming more urgent. It should co-operate with the States in supplying data to serve as a basis for state mine regulations. The establishment of this bureau will mean merely the transfer from other bureaus of work which it is agreed should be transferred and slightly enlarged and reorganized for these purposes.

CONCLUSIONS.

The joint conference already mentioned adopted two resolutions to which I call your special attention. The first was intended to promote co-operation between the States and the nation upon all of the great questions here discussed. It is as follows:

"*Resolved*, That a joint committee be appointed by the chairman, to consist of six members of state conservation commissions and three members of the National Conservation Commission, whose duty it shall be to prepare and present to the state and national commissions, and through them to the governors and the President, a plan for united action by all organizations concerned with the conservation of natural resources. (On motion of Governor Noel, of Mississippi, the chairman and secretary of the conference were added to and constituted a part of this committee.)"

The second resolution of the joint conference to which I refer calls upon the Congress to provide the means for such co-operation. The principle of the community of interest among all our people in the great natural resources runs through the report of the National Conservation Commission and the proceedings of the joint conference. These resources, which form the common basis of our welfare, can be wisely developed, rightly used, and prudently conserved only by the common action of all the people, acting through their representatives in State and nation. Hence the fundamental necessity for co-operation. Without it we shall accomplish but little, and that little badly. The resolution follows:

"We also especially urge on the Congress of the United States the high desirability of maintaining a national commission on the conservation of the resources of the country, empowered to co-operate

with state commissions to the end that every sovereign commonwealth and every section of the country may attain the high degree of prosperity and the sureness of perpetuity naturally arising in the abundant resources and the vigor, intelligence and patriotism of our people."

In this recommendation I most heartily concur, and I urge that an appropriation of at least $50,000 be made to cover the expenses of the National Conservation Commission for necessary rent, assistance and traveling expenses. This is a very small sum. I know of no other way in which the appropriation of so small a sum would result in so large a benefit to the whole nation.

THEODORE ROOSEVELT.

THE WHITE HOUSE, *January 22, 1909.*

SPECIAL MESSAGE.

To the Senate and House of Representatives:

I submit herewith the report of the engineers appointed by me to accompany the ex-Secretary of War, the Hon. William H. Taft, to the isthmian canal to look into the condition of the canal work, and especially to report upon the feasibility and safety of the Gatun dam project, with a view to deciding whether or not there should be any change in the plans in accordance with which the canal is being constructed, these plans having been adopted by the Congress. I am happy to report to you that the accompanying document shows in clearest fashion that the Congress was wise in the position it took, and that it would be an inexcusable folly to change from the proposed lock canal to a sea-level canal. In fact this report not only determines definitely the type of canal, but makes it evident that hereafter attack on this type—the lock type—is in reality merely attack upon the policy of building any canal at all. The board of engineers who signed this report are of all the men in their profession, within or without the United States, the men who are on the whole best qualified to pass upon these very questions which they examined. I commend to you the most careful consideration of their report. They show that the only criticism that can be made of the work on the Isthmus is that there has sometimes been almost an excess of caution in providing against possible trouble. As to the Gatun dam itself, they show that not only is the dam safe, but that on the whole the plan already adopted would make it needlessly high and strong, and accordingly they recommend that the height be reduced by 20 feet, which change in the plans I have accordingly directed. Every American citizen should feel not merely gratification, but a very keen sense of pride in the statement made by this distinguished body of engineers as to the way in which

the work has been done, and in which it is now proceeding. The American people are to be heartily congratulated on everything of importance that has been done in connection with the building of the Panama Canal.

THEODORE ROOSEVELT.

THE WHITE HOUSE, *February* 17, 1909.

WASHINGTON, D. C., *February* 16, 1909.

SIR: In accordance with your instructions, we have visited the isthmian canal, in company with Hon. William H. Taft, and have examined the work in progress and the plans for the structures as far as now developed.

We have given especial consideration, under the instructions of Mr. Taft, to the foundations for the Gatun dam, and the feasibility of constructing and maintaining thereon a safe dam for retaining water at 85 feet above sea level.

We have examined the slides in the banks of the canal and the surveys, plottings and sections that have been made of them. The subsidence in the fills in the toes of the dams and in the railway embankments has also been examined, and we have considered the effect of the qualities of materials thus disclosed upon the construction of the various works and upon their ultimate stability.

We have also considered the evidence that has been accumulated as to the permeability of the different materials and the possible loss of water by percolation through the bed and banks of the future Gatun lake; and the question whether such loss of water by seepage would result in materially reducing the water supply or in undermining and ultimately crippling the structure.

GATUN DAM.

The Gatun earth dam is the central point of discussion, and we were instructed by Mr. Taft to give it first consideration in the light of all new evidence.

We are satisfied, both from the records of the experiments that have been made and from our own personal examination of the materials, as seen in cuts now open and as disclosed by samples from test borings, that there will be no dangerous or objectionable seepage through the materials under the base of the dam, nor are they so soft as to be liable to be pushed aside by the weight of the proposed dam so as to cause dangerous settlement.

We are also satisfied that the materials available and which it is proposed to use are suitable and can be readily placed to form a tight, stable and permanent dam.

The type of dam now under construction is one which meets with our unanimous approval. It is a combination of rock fill and hydraulic fill, in which the exterior faces are to be composed largely of rock of all sizes obtained from the canal excavation, dumped and laid on slopes much flatter than are ordinarily found in earth dams, while the interior of the great mass will consist of clayey material obtained by hydraulic dredging from large deposits at a little distance from the dam and carried by water through pipes to the places where it is to be used. The material as delivered is a mixture of earth and water. The material held in suspension slowly deposits, finally forming a solid, water-tight embankment. The pond necessarily maintained on the top of the dam during construction tests the embankment at all stages of its growth, searches out any weak points, and leads to the closure of any voids or cracks.

The most practical question in the construction of the Gatun dam is the possible slipping and sliding of the materials underneath and in the body of the dam. The materials, speaking broadly, are of a clayey nature, generally impervious to water, but sometimes slipping when subjected to heavy unbalanced pressure or on high steep slopes when saturated with water. In this respect the materials differ radically from the sandy and gravelly materials which have been frequently used in the construction of other earth dams.

In order to build a dam of these clayey materials that will be stable and permanent, it is necessary that the slopes should be flatter than would be needed to secure the stability of a dam of siliceous, sandy, or gravelly materials.

The evidence that has been accumulated as to the degrees of slope that are stable with these materials seems to us conclusive. The fact that the materials are slippery does not mean that a dam built from them is necessarily less stable than a dam built of materials that do not slip so easily. It does mean that, in order to secure stability and permanency, the dam must be built with a greater thickness at the bottom.

The dam as proposed is more than a third of a mile in horizontal thickness at its base, including the rock-fill portions.

The design upon which the work is now being prosecuted abundantly fulfills the required degree of stability and goes far beyond the limits of what would be regarded as sufficient and safe in any less important structure.

As a matter of convenience and economy during construction, materials have been piled up on slopes much steeper than those contemplated in the finished work. Generally, the materials so placed have remained in position, but in some cases slips have occurred. The occurrence of these slips is of no serious consequence either in the practical execution of the work or in the ultimate stability of the

structures. We can readily understand how incorrect deductions may have been drawn from these occurrences, especially by those not fully informed as to the character of the materials and the ample dimensions and much less steep slopes of the proposed structures in their final form.

We were requested to consider the proper height for the crest of the Gatun dam, and after consideration concluded that it could be safely reduced 20 feet from that originally proposed, namely, to an elevation of 115 feet above sea level, or 30 feet above the normal level of the water against the dam. We are also of the opinion that the sheet piling recently proposed under the base of the dam may be safely omitted. The narrow cut-off trench now in progress through the upper earth stratum on Gatun Island and elsewhere and designed to be refilled with sluiced material should be continued.

Changes in these respects will facilitate the work of construction and will reduce somewhat the cost of the proposed work.

A full study of all the data at hand, and of the materials, and of the plans that are proposed with the above modifications leaves no doubt in our minds as to the safe, tight and durable character of the Gatun dam.

CHANGES IN PLAN OF CANAL.

It was suggested to us by Mr. Taft that we give special consideration to those changes which have been made in the plans of the minority of the Board of Consulting Engineers of 1905 since the adoption of the project.

Change in position of lower Pacific locks.

One of the most important of these changes is the moving of the lower locks on the Pacific end of the canal from La Boca, on the shore of Panama Bay, to Miraflores, about 4 miles inland.

This change involved abandoning the construction of two earth dams at and near La Boca and the substitution of about 4 miles of deep-sea level channel 500 feet wide from La Boca to Miraflores in place of a wider channel through the lake that would have been created by the dams.

Before this change was made work had been commenced upon the toes of one of the dams. The material had been piled up to a considerable height on slopes steeper than were capable of being supported by the underlying material. Under these conditions settlements occurred with lateral displacement of some of the underlying material. Your board, after carefully inspecting the ground and the partially completed work, is of the opinion that these settlements cause no

reason to doubt the stability of the proposed dams. We are unanimously of the opinion that stable and water-tight dams of substantially the proposed dimensions could have been constructed on the proposed sites without recourse to dredging out the underlying soft material.

The report of the minority of the Board of Consulting Engineers of 1905 recognized that an objection might be made from a military point of view to placing locks on the shore of the bay, exposed to guns of hostile ships. We now understand that the controlling reason for the change was a military one. This change in the plans will result in an increase in cost of the canal by an amount judged from evidence at our disposal to be not less than $10,000,000. We are informed, however, that this change would greatly lessen the cost of fortification.

Increased width of canal.

Another change is the increase of the minimum bottom width of the canal from 200 feet to 300 feet. This applies to a length of about 4.7 miles in the Culebra cut. We understand that this change will increase the cost of the work by about $13,000,000. The work upon the excavation of the Culebra cut under the revised plan has now so far advanced that this widening will not delay the completion of the canal.

The widening will permit ships to pass one another in this portion of the canal, as they may under the original plan in all other portions, and will otherwise facilitate navigation through it.

If slides occur after the completion of the canal, the wider canal is not as likely to be blocked as a narrow one.

We understand that this change was authorized directly by you on the presentation of its advantages by the chief engineer, and we merely call attention to it as one reason for the increased cost of the canal.

Increased size of locks.

Another change is the increase of the dimensions of the locks from 95 by 900 feet to 110 by 1,000 feet. The increase in width we understand has been made in compliance with a request from the General Board of the Navy Department, in order to allow the passage of the largest war vessels contemplated.

A large increase in cost is involved in these enlarged dimensions.

Changes in breakwaters.

An important change is proposed in the location of the breakwater at the Atlantic end of the canal. The plan provisionally adopted by the Board of Consulting Engineers of 1905, and adopted for the purpose of estimate by the minority of that board, was for a breakwater generally parallel with the channel, which included less than one-third

of Limon Bay; whereas the breakwater in the location now proposed will protect the entire bay and furnish a more commodious harbor not only for ships using the canal, but for all other shipping which makes use of the port. A considerable increase in cost is involved in this change.

We had an opportunity to view the present harbor during what is said to have been the only severe norther of the past two years, and have no doubt that a good breakwater is a desirable adjunct to the canal. We are not prepared to pass on the precise location, form, or cost of this.

A change of less importance has been made at the Pacific end by relocating the dredged channel leading to deep water and increasing its width from 300 feet to 500 feet and by constructing a breakwater from the shore at La Boca to Naos Island with material excavated from the Culebra cut. This breakwater, now under construction, serves to prevent currents across the canal cut and tends to prevent deposits in the dredged channel and to increase the safety of navigation. The breakwater may also serve to carry a roadway to Naos Island. These changes involve some additional expense.

Relocation of Panama Railroad.

The alignment of the Panama Railroad has been materially changed south of Gatun. This change was made because it was found that the swamp near the Gatuncillo River would not support the very high railroad embankment required, if made with ordinary slopes, and a line crossing at a point higher up the river was selected, which does not, however, materially increase the length of the railroad. The construction of the railroad will cost much more than was estimated by the minority of the Board of Consulting Engineers, who were unable to procure surveys of the proposed location. The recent change in location affords more ample and convenient anchorage immediately above the locks.

Other changes.

Some further changes or additions which have not yet been fully worked out have been mentioned to us as likely to be made as the work progresses, namely, the dredging out of a broad anchorage basin immediately downstream from the Gatun locks, another for anchorage and room for turning of long ships near La Boca, and possibly another just below the Miraflores locks. These can all be delayed until the completion of the main work of canal excavation and lock building, and then executed by the dredges that have done the main work. The work can thus be done without additional equipment, and at a low price per cubic yard.

PRESENT CONDITION OF WORK.

It has been suggested that we report upon the condition of the work and the progress being made, and, if found possible in the time at our disposal, upon the probable time of completion.

Organization.

We have seen the work under way on all parts of the canal. We have become acquainted with the engineers in responsible positions and have noted the organization and equipment.

It is our impression that the work is well organized and is being conducted energetically and well.

The work is done by day labor and not by the contract system.

The men are well paid, well housed, well fed and well cared for in case of sickness or accident. Houses, furniture, fuel, water, drainage and lights are furnished to employees without cost. Roads are built, schools supported and Young Men's Christian Association buildings provided, which are practically club buildings. Parts of the running expenses are also paid. The premises are cleared and drained and the grass kept cut. The climate is especially adapted to outdoor life, and the ample porches, entirely inclosed by bronze-wire screens, give the greatest facility for this. We are especially pleased with the architectural arrangements of the houses. They are admirably adapted to the climatic conditions.

Bachelor quarters and hotels furnishing meals at moderate prices are also provided by the Government.

Hospitals are provided, free medical attendance is furnished to employees and medical attendance at low rates is supplied to families of employees.

A limited amount of free transportation, namely, one excursion trip each month to any station, is furnished on the Panama Railroad to employees, and half rates are given in all other cases, and also half rates to families of employees. Free transportation in some cases, and in all other cases transportation at reduced rates to and from the Isthmus, is provided to employees and their families.

Six weeks' leave of absence each year, with full pay, is given to all monthly employees, and this includes not only office and engineering forces but also the mechanical forces on the monthly basis.

The medical and sanitary department is especially to be commended for its success in exterminating yellow fever and controlling malaria, and for other measures which have made the Isthmus a thoroughly healthful place in which to live.

The cost of the sanitary department, which represents the cost of

keeping the Isthmus healthful, amounts to about $2,000,000 per year. This is a large sum, but the work is well done, and any decrease in the efficiency of the sanitary service might readily prove disastrous to the prosecution of the main work.

We believe that in no other great construction work has so much been done for employees in the way of furnishing necessities, comforts, and luxuries of life at the cost of the work as has been done in this case. This is one reason for the high cost of the canal.

Progress and time of completion.

We have examined diagrams and statistics showing the amount of work accomplished by years and by months since the work was taken over by the United States, and showing the amounts of the various classes of work remaining to be done and the estimated rates of progress and times required for completion. It has been impossible for us to check these in detail, but we have compared them with other estimates, and with the work obviously done, and they seem reasonable to us. In the light of this showing, we see no reason why the canal should not be completed, as estimated by the chief engineer, by January 1, 1915; in fact, it seems that a somewhat earlier completion is probable if all goes well, but in view of possible contingencies it is not prudent at this time to count on an earlier date.

Cost of work.

In examining the expenditures thus far made it must be borne in mind that large sums have been paid for steamships, dredges, steam shovels, locomotives, cars, tracks, shops and all the equipment that is necessary to prosecute a work of this magnitude, and also that large sums have been spent for dwellings, offices, buildings of various kinds, for waterworks, sewers, paving and other equipment, and that these expenditures have been made, in large measure, for the whole work, and that corresponding disbursements hereafter will be very much less in proportion than they have been to date.

Colonel Goethals has presented to us an estimate of the quantities of materials and the cost involved in the construction of the canal as now planned, including all disbursements thus far made and the estimated amounts required for completion. These cover the greater width of excavation, the increased size of locks, the extra canal channel required by moving the Pacific locks from La Boca to Miraflores, the improved harbor arrangements at Colon, and all other changes which have been adopted or which are now seriously contemplated. The payments to the New Panama Canal Company are included, and also the payments to the Republic of Panama and the cost of sanitation

and zone government, for which items the Board of Consulting Engineers of 1905 stated that it presented no estimates.

The estimates and allowances so made seem ample to us. In some items it would seem that considerable reductions could be made, but, on the other hand, the work is large and novel and unforeseen contingencies must be expected, so that it may be that the aggregate estimate as presented is not too large.

After deducting $15,000,000, representing the estimated receipts from the return of money loaned the Panama Railroad, and from the collection of water rates to cover the cost of municipal improvements made in Panama and Colon, and from miscellaneous sources, this present estimate of the complete cost of the lock canal amounts to $360,000,000.

In making this estimate no reduction has been made for whatever salvage may be realized from the construction plant at the termination of the work, which plant has cost to date about $30,000,000.

The cost of the canal, as estimated in 1905, is frequently stated to be $140,000,000, but this is incorrect, as the minority report expressly excluded sanitation and zone government, and the payments to Panama and the French company had already been made. Adding these amounts, using the present estimates of sanitation and zone government, we have in round numbers the following:

Estimate of the minority of the Board of Consulting Engineers for the cost of construction, exclusive of sanitation and zone government	$140,000,000
Payments made to the Republic of Panama and to the New Panama Canal Company	50,000,000
Sanitation and zone government, as now estimated	27,000,000
Total	**$217,000,000**

The difference between this cost and the total cost as now estimated is therefore $143,000,000. Of this amount nearly one-half can be accounted for by the changes in the canal and appurtenant works to which we have already referred, and the remainder is to be attributed mainly to the higher unit cost of the different items of the work, caused in part by the higher prices for plant, supplies and labor which have prevailed in the United States since the estimate of 1905 was made, and which made it necessary to offer very high wages and special inducements in order to obtain the requisite force in a locality where the reputation for health was not good in the earlier years, in part to the adoption of an eight-hour day for most of the work instead of a ten-hour day, in part to the much greater expenditure for housing and care of employees and for auxiliary works than was anticipated, and in part, in our opinion, to the evident purpose to make the estimates ample and to provide liberally for contingencies.

When the work at Panama is completed, in addition to having the

canal, the United States will own the Panama Railroad and the steamship line operated in connection therewith.

TYPE OF CANAL.

In view of the fact that the cost of the lock canal, as now proposed, will largely overrun the estimate of the minority of the Board of Consulting Engineers of 1905, and that the excavation in the Culebra cut is being made somewhat more rapidly than was anticipated, we have considered in a very general way the relative cost and time of construction of a sea-level canal.

Most of the factors which have operated to increase the cost of the lock canal would operate with similar effect to increase the cost of the sea-level canal, and at the present time there are additional factors of even greater importance to be considered as affecting the time of completion and cost of a sea-level canal. One of these is to be found in the Gamboa dam, proposed to be nearly 200 feet in height above its foundations, which would be about 60 feet below the normal river level. Prior to the construction of this dam a long and deep diversion channel must be provided of far greater magnitude than that for the Gatun dam, which has been about two years in progress, and is not yet completed.

Judging by the time required for the construction of dams of similar magnitude in the United States, it is probable that were work on the Gamboa dam to be started as soon as possible this one feature of the sea-level project of the Board of Consulting Engineers of 1905 could not be completed until after the time required for the completion of the lock canal. The construction of this dam at Gamboa for the control of the Chagres is an essential preliminary to the excavation of the sea-level canal for the 13 miles from Bohio to Bas Obispo.

Furthermore, in addition to the Gamboa dam, the sea-level project provides for building for the control of tributary streams three large dams, the sites of which have not been examined.

Work is already far advanced on nearly all parts of the lock canal, and a change in the type would result in abandoning work done which represents large expenditure.

Under the plan now being carried out, the River Chagres and each of the other rivers on the Isthmus tributary thereto is made an ally of the project. The waters of these rivers are handled economically and in such a way as to facilitate the operation of the canal. With the sea-level project, these rivers instead of being allies would be enemies of the canal, and floods in them would greatly interfere with the work.

The excavation of the canal would be carried to 40 feet or more below sea level and to a much greater depth below the bottoms of the valleys in which the upper streams now flow.

It would further be necessary to cut long and large diversion channels on each side of the canal for streams entering the Chagres Valley. The cost of such lateral channels to protect the Culebra cut alone from the comparatively small streams formerly entering it, including work done by the French, has probably been not less than $2,000,000. The channels required for the lower valley of the Chagres would be necessarily much longer, larger and far more expensive.

ROCK EXCAVATION UNDER WATER.

Much has been said about the economy of excavating rock under water by modern appliances as compared with the cost of such excavation in the dry with steam shovels after blasting.

We concur in the opinion of those in charge of work at the Isthmus that it is more economical, where the conditions are favorable, to excavate rock in the dry than by any under-water process now in use. Experience is not yet available to us which will justify the belief that, with the depth of cut and the quality of rock found on the Isthmus, the general adoption of subaqueous methods would prove more expeditious or cheaper.

It is probable that more economical subaqueous methods will be sometime developed, but it would not be wise to base a change in plan of important work upon prospective results to be obtained by any method not yet thoroughly tried.

EARTHQUAKES.

It has been suggested that the canal region is liable to earthquake shocks and that a sea-level canal would be less subject to injury by earthquakes than a lock canal.

We have seen, in the city of Panama, the ruins of an old church, said to have been destroyed by fire, containing a long and extremely flat arch of great age, which convinces us that there has been no earthquake shock on the Isthmus during the one hundred and fifty years, more or less, that this structure has been in existence, that would have injured the work proposed.

Dams and locks are structures of great stability and little subject to damage by earthquake shocks. The successful resistance of the dams and reservoirs supplying San Francisco with water, even when those structures were located near the line of fault of the earthquake, gives confidence in the ability of well-designed masonry structures and earth embankments to resist earthquake shocks.

We do not regard such shocks as a source of serious damage to any type of canal at the Isthmus, but if they were so their effect upon the dams, locks and regulating works proposed for the sea-level canal

would be much the same as upon similar structures of the lock canal. The Gamboa dam for controlling the floods of the Chagres in connection with the sea-level canal provides for a lake having an area of 29 square miles when full, and if this water were suddenly let loose into the sea-level canal it would seriously injure large portions thereof and wreck ships therein. A similar result would be reached if the other three dams of the sea-level canal retaining lakes, having an aggregate area of 10 square miles, were to be suddenly destroyed.

WATER SUPPLY.

We believe that the sufficiency of the water supply for a lock canal has never been seriously questioned. It is true that during the dry season the natural flow of the streams would not be sufficient to furnish the water required for numerous lockages. There would even be times when the natural flow would not suffice to make good the loss by evaporation from the surface of the water in Gatun Lake. During the rainy season there is a great excess of water which can be readily stored in Gatun Lake with its area of 163 square miles. It is proposed to fill this lake during the rainy season 2 feet above its normal level, and to draw it as needed during the dry season. It is computed that by drawing it 5 feet below normal level, which draft would leave 40 feet of water through Culebra cut, the supply in a dry year would be sufficient to serve from 30 to 40 lockages up and an equal number of lockages down daily. Each lockage might consist of a single large vessel, or a fleet of smaller vessels capable of being in the lock at one time, as is common at Sault Ste. Marie. For comparison the published record shows that an average of only 12 ships per day passed through the Suez Canal in 1907.

Ultimately, if needed for increased traffic, additional water may be held from wet seasons and made available in dry ones. This may be accomplished either by raising further the high-water level in Gatun Lake or by lowering the low-water level in the lake, this lowering being accompanied, if necessary, by the deepening of the canal, or storage may be provided by an entirely independent reservoir, for which there are excellent sites.

From our examinations in the neighborhood of Gatun dam, we can find no reason to apprehend important loss of water by seepage through the ridges surrounding the lake, while in our judgment the bed of the lake will be practically impervious to water.

The water supply in sight is so much greater than any need that can be reasonably anticipated that the best method of securing more water when the time of need arrives does not require to be considered now

CONCLUSIONS.

Your board is satisfied that the dams and locks, the lock gates, and all other engineering structures involved in the lock-canal project are feasible and safe, and that they can be depended upon to perform with certainty their respective functions.

We do not find any occasion for changing the type of canal that has been adopted.

A change to a sea-level plan at the present time would add greatly to the cost and time of construction, without compensating advantages, either in capacity of canal or safety of navigation, and hence would be a public misfortune.

We do find in the detailed designs that have been adopted, or that are under consideration, some matters where other arrangements than those now considered seem worthy of study. As these proposed changes are of a tentative nature and do not in any case affect the main questions herein discussed, they are not taken up in this report.

Very respectfully,

FREDERICK P. STEARNS.
ARTHUR P. DAVIS.
HENRY A. ALLEN.
JAMES D. SCHUYLER.
ISHAM RANDOLPH.
JOHN R. FREEMAN.
ALLEN HAZEN.

THE PRESIDENT.

SPECIAL MESSAGE.

WHITE HOUSE, January 8, 1906.

To the Senate and House of Representatives:

I inclose herewith the annual report of the Isthmian Canal Commission, the annual report of the Panama Railroad Company and the Secretary of War's letter transmitting the same, together with certain papers.

The work on the isthmus is being admirably done, and great progress has been made, especially during the last nine months. The plant is being made ready and the organization perfected. The first work to be done was the work of sanitation, the necessary preliminary to the work of actual construction; and this has been pushed forward with the utmost energy and means. In a short while I shall lay before you the recommendations of the commission and of the board of consulting engineers as to the proper plan to be adopted for the canal

itself, together with my own recommendations thereon. All the work so far has been done, not only with the utmost expedition, but in the most careful and thorough manner, and what has been accomplished gives us good reason to believe that the canal will be dug in a shorter time than has been anticipated and at an expenditure within the estimated amount. All our citizens have a right to congratulate themselves upon the high standard of efficiency and integrity which has been hitherto maintained by the representatives of the government in doing this great work. If this high standard of efficiency and integrity can be maintained in the future at the same level which it has now reached, the construction of the Panama canal will be one of the feats to which the people of this republic will look back with the highest pride.

From time to time various publications have been made, and from time to time in the future various similar publications doubtless will be made, purporting to give an account of jobbery, or immorality, or inefficiency, or misery, as obtaining on the isthmus. I have carefully examined into each of these accusations which seemed worthy of attention. In every instance the accusations have proved to be without foundation in any shape or form. They spring from several sources. Sometimes they take the shape of statements by irresponsible investigators of a sensational habit of mind, incapable of observing or repeating with accuracy what they see, and desirous of obtaining notoriety by widespread slander. More often they originate with, or are given currency by, individuals with a personal grievance. The sensation-mongers, both those who stay at home and those who visit the isthmus, may ground their accusations on false statements by some engineer, who having applied for service on the commission and been refused such service, now endeavors to discredit his successful competitors; or by some lessee or owner of real estate who has sought action, or inaction by the commission to increase the value of his lots, and is bitter because the commission cannot be used for such purposes; or on the tales of disappointed bidders for contracts; or of office holders who have proved incompetent or who have been suspected of corruption and dismissed, or who have been overcome by panic and have fled from the isthmus. Every specific charge relating to jobbery, to immorality or to inefficiency, from whatever source it has come, has been immediately investigated, and in no single instance have the statements of these sensation-mongers and the interested complainants behind them proved true. The only discredit inhering in these false accusations is to those who originate and give them currency, and who, to the extent of their abilities, thereby hamper and obstruct the completion of the great work in which both the honor and the interest of America are so deeply involved. It matters not whether those guilty of these false accusations utter them in mere

wanton recklessness and folly or in spirit of sinister malice to gratify some personal or political grudge.

Any attempt to cut down the salaries of the officials of the Isthmian Commission or of their subordinates who are doing important work would be ruinous from the standpoint of accomplishing the work effectively. To quote the words of one of the best observers on the isthmus: "Demoralization of the service is certain if the reward for successful endeavor is a reduction of pay." We are undertaking in Panama a gigantic task—the largest piece of engineering ever done. The employment of the men engaged thereon is only temporary, and yet it will require the highest order of ability if it is to be done economically, honestly and efficiently. To attempt to secure men to do this work on insufficient salaries would amount to putting a premium upon inefficiency and corruption. Men fit for the work will not undertake it unless they are well paid. In the end the men who do undertake it will be left to seek other employment with, as their chief reward, the reputations they achieve. Their work is infinitely more difficult than any private work, both because of the peculiar conditions of the tropical land in which it is laid and because it is impossible to free them from the peculiar limitations inseparably connected with government employment; while it is unfortunately true that men engaged in public work, no matter how devoted and disinterested their services, must expect to be made the objects of misrepresentation and attack. At best, therefore, the positions are not attractive in proportion to their importance, and among the men fit to do the task only those with a genuine sense of public spirit and eager to do the great work for the work's sake can be obtained, and such men cannot be kept if they are to be treated with niggardliness and parsimony, in addition to the certainty that false accusations will continually be brought against them.

I repeat that the work on the isthmus has been done and is being done admirably. The organization is good. The mistakes are extraordinarily few, and these few have been of practically no consequence. The zeal, intelligence and efficient public service of the Isthmian Commission and its subordinates have been noteworthy. I court the fullest, most exhaustive and most searching investigation of any act of theirs, and if any one of them is ever shown to have done wrong his punishment shall be exemplary. But I ask that they be decently paid and that their hands be upheld as long as they act decently. On any other conditions we shall not be able to get men of the right type to do the work, and this means that on any other condition we shall insure, if not failure, at least delay, scandal and inefficiency in the task of digging the giant canal.

THEODORE ROOSEVELT.

By the President of the United States.

A PROCLAMATION.

Whereas, the government of Germany has taken action, extending, on and after March 1, 1906, and until June 30, 1907, or until further notice, the benefit of the German conventional customs tariff to the products of the soil or industry of the United States, by which action, in the judgment of the President, reciprocal concessions are established in favor of the said products of the United States;

Now, therefore, be it known that I, Theodore Roosevelt, President of the United States of America, acting under the authority conferred by the third section of the tariff act of the United States, approved July 24, 1897, do hereby suspend, during the continuance in force of the said concessions by the government of Germany, the imposition and collection of the duties imposed by the first section of said act upon the articles hereinafter specified, being the products of the soil or industry of Germany; and do declare in place thereof the following rates of duty provided in the third section of said act to be in force and effect on and after March 1, 1906, of which the officers and citizens of the United States will take notice, namely:

Upon argols, or crude tartar, or wine lees, crude, 5 per centum ad valorem.

Upon brandies or other spirits manufactured or distilled from grain or other materials, $1.75 per proof gallon.

Upon still wines and vermuth, in casks, 35 cents per gallon; in bottles or jugs, per case of one dozen bottles or jugs containing each not more than one quart and more than one pint, or twenty-four bottles or jugs containing each not more than one pint, $1.25 per case, and any excess beyond these quantities found in such bottles or jugs shall be subject to a duty of 4 cents per pint or fractional part thereof, but no separate or additional duty shall be assessed upon the bottles or jugs.

Upon paintings in oil or water colors, pastels, pen-and-ink drawings, and statuary, 15 per centum ad valorem.

In testimony whereof, I have hereunto set my hand and caused the seal of the United States to be affixed.

Done at the city of Washington this twenty-seventh day of February, 1906, and of the independence of the United States of [seal.] America the one hundred and thirtieth.

THEODORE ROOSEVELT.

By the President:

Elihu Root,

Secretary of State.

SPECIAL MESSAGE.

THE WHITE HOUSE, March 5, 1906.

To the Senate and House of Representatives:

Our coast defenses, as they existed in 1860, were not surpassed in efficiency by those of any country, but within a few years the introduction of rifled cannon and armor in the navies of the world, against which the smooth-bore guns were practically useless, rendered them obsolete. For many years no attempt was made to remedy the deficiencies of these seacoast fortifications. There was no establishment in the country equipped for the manufacture of high-power rifled guns, there was no definite adopted policy of coast defense, and Congress was reluctant to undertake a work the cost of which could not be stated, even approximately, and the details of which had not advanced—so far as could be ascertained—beyond the experimental stages.

The act of March 3, 1883, was the first decisive step taken to secure suitable and adequate ordnance for military purposes. Under the provisions of this act a joint board of officers of the army and navy was appointed "for the purpose of examining and reporting to Congress which of the navy yards or arsenals owned by the government has the best location and is best adapted for the establishment of a government foundry or what other method, if any, should be adopted for the manufacture of heavy ordnance adapted to modern warfare for the use of the army and navy of the United States."

This board, known as the "gun foundry board," made its report in 1884, and directed public attention not only to the defenseless condition of our coasts, but to the importance and necessity of formulating a comprehensive scheme for the protection of our harbors and coast cities.

As a result, the act of Congress, approved March 3, 1885, provided that "the President of the United States shall appoint a board, * * which board shall examine and report at what ports fortifications or other defenses are most urgently required, the character and kind of defenses best adapted to each, with reference to armament, the utilization of torpedoes, mines, and other defensive appliances."

The board organized under the foregoing provision of law, popularly known as the "Endicott board," in its report of January 23, 1886, cited the principles on which any system of coast defense should be based, and clearly stated the necessity of having our important strategic and commercial centers made secure against naval attack. In determining the ports that were in urgent need of defense, since a fleet did not exist for the protection of the merchant marine, fortifications were

provided at every harbor of importance along the coast and at several of the Lake ports.

For any particular harbor or locality the report specifies the armament considered necessary for proper protection, the character of emplacements to be used, the number of submarine mines and torpedo boats, with detailed estimates of cost for these various items. The proposed guns, mounts, and emplacements were of types that seemed at that time best suited to accomplish the desired results, based on the only data available, namely, experiments and information of similar work from abroad.

After the report was made part of the public records, the development and adoption of a suitable disappearing gun carriage caused the substitution of open emplacements for the expensive turrets and armored casemates, materially reducing the cost of installing the armament; the great advances in ordnance, increasing the power and range of the later guns, caused a diminution in the number and caliber of the pieces to be mounted, and this fact, combined with advances in the science of engineering, rendered unnecessary the construction of the expensive "floating batteries" designed by the Endicott board for mounting guns to give sufficient fire for the defense of wide channels, or for harbors where suitable foundations could not be secured on land.

Furthermore, keeping pace with the gradual development and improvement in the engines and implements of war, fortified harbors are equipped with rapid-fire guns, and, to a certain extent, with power plants, searchlights, and a system of fire control and direction now essential adjuncts of a complete system of defense, though not so considered by that board.

While the details of the scheme of defense recommended by the Endicott board have been departed from in making provision for later developments of war material, the great value of its report lies in the fact that it sets forth a definite and intelligible plan or policy, upon which the very important work of coast defense should proceed, and which is as applicable to-day as when formulated.

The greater effective ranges possible with the later rifled cannon, the necessity of thoroughly covering with gun-fire all available waters of approach and the growth of seacoast towns beyond the limits of some of the military reservations have combined to move defensive works more to the front, and many of the gun positions now occupied have been obtained from private ownership. The cost of such sites has been a large item in the present cost of fortifications, and this purchase of land was not included in its estimates by the Endicott board.

An examination of the report also discloses the fact that no estimates were submitted covering a supply of ammunition to be kept in reserve for the service of the guns that were recommended, due

perhaps to the fact that a satisfactory powder to give the energy desired and a suitable projectile to accomplish the desired destruction of armor were still in experimental stages. These questions, however, are no longer in doubt, and Congress already has made provision for some of the ammunition needed.

The omissions in the estimates of the Endicott board and the changes in the details of its plans have caused doubts in the minds of many as to the money that will be needed to defend completely our coasts by guns, mines, and their adjuncts. New localities are pressing their claims for defense. The insular possessions cannot be held unless the principal ports, naval bases, and coaling stations are fortified before the outbreak of war.

These considerations have led me to appoint a joint board of officers of the army and navy "to recommend the armament, fixed and floating, mobile torpedoes, submarine mines, and all other defensive appliances that may be necessary to complete the harbor defense with the most economical and advantageous expenditures of money." The board was further instructed "to extend its examinations so as to include estimates and recommendations relative to defenses of the insular possessions," and to "recommend the order in which the proposed defense shall be completed, so that all the elements of harbor defense may be properly and effectively co-ordinated."

The board has completed its labors and its report, together with a letter of transmittal by the Secretary of War, is herewith transmitted for the information of the Congress. It is to be noted that the entrance to Chesapeake Bay, not heretofore recommended or authorized by Congress, is added to the list of ports in the United States to be defended, with the important reasons therefor clearly stated: that the gun defense proper is well advanced toward completion, and that the greater part of the estimate is for new work of gun defense, for the accessories now so necessary for efficiency, and for an allowance of ammunition, which, added to that already on hand, will give the minimum supply that should be kept in reserve to successfully meet any sudden attack.

The letter of the Secretary of War contains a comparison of the estimates of the Endicott board, with the amounts already appropriated for the present defense and the estimates of the new board, from which it appears that a completed defense of our coasts, omitting cost of ammunition and sites, can be accomplished for less that the amount estimated by the Endicott board, even including the additional localities not recommended by it.

In the insular possessions the great naval bases at Guantanamo, Subig Bay, and Pearl Harbor, the coaling stations at Guam and San Juan require protection, and, in addition, defenses are recommended for Manila Bay and Honolulu, because of the strategic importance of

these localities. In the letter of the Secretary of War will be found the sums already appropriated for defenses at some of these ports or harbors, and the estimates are for the completion of an adequate defense at each locality.

Defenses are recommended for the entrances to the Panama Canal, as contemplated by the act of June 28, 1902 (Spooner act), and under the terms of this act the cost of such fortifications would probably be paid from appropriations for the construction and defense of the canal.

The necessity for a complete and adequate system of coast defense is greater to-day than twenty years ago, for the increased wealth of the country offers more tempting inducements to attack, and a hostile fleet can reach our coast in a much shorter period of time.

The fact that we now have a navy does not in any wise diminish the importance of coast defenses; on the contrary, that fact emphasizes their value and the necessity for their construction. It is an accepted naval maxim that a navy can be used to strategic advantage only when acting on the offensive, and it can be free to so operate only after our coast defense is reasonably secure and so recognized by the country.

It was due to the securely defended condition of the Japanese ports that the Japanese fleet was free to seek out and watch its proper objective—the Russian fleet—without fear of interruption or recall to guard its home ports against raids by the Vladivostok squadron. This, one of the most valuable lessons of the late war in the East, is worthy of serious consideration by our country, with its extensive coast line, its many important harbors, and its many wealthy manufacturing coast cities.

The security and protection of our interests require the completion of the defenses of our coast, and the accompanying plan merits and should receive the generous support of the Congress.

THEODORE ROOSEVELT.

SPECIAL MESSAGE.

THE WHITE HOUSE, March 7, 1906.

To the Senate and House of Representatives:

I have signed the Joint Resolution "Instructing the Interstate Commerce Commission to make examinations into the subject of railroad discriminations and monopolies in coal and oil, and report on the same from time to time." I have signed it with hesitation because in the form in which is was passed it achieves very little and may achieve nothing; and it is highly undesirable that a resolution of this kind shall become law in such form as to give the impression of insincerity; that is of pretending to do something which really is not done. But after much hesitation I concluded to sign the resolution because its defects can be remedied by legislation which I hereby ask for; and

it must be understood that unless this subsequent legislation is granted the present resolution must be mainly, and may be entirely, inoperative.

Before specifying what this legislation is I wish to call attention to one or two preliminary facts. In the first place, a part of the investigation requested by the House of Representatives in the Resolution adopted February 15, 1905, relating to the Oil Industry, and a further part having to do with the Anthracite Coal Industry, has been for some time under investigation by the Department of Commerce and Labor. These investigations, I am informed, are approaching completion, and before Congress adjourns I shall submit to you the preliminary reports of these investigations. Until these reports are completed the Interstate Commerce Commission could not endeavor to carry out so much of the resolution of Congress as refers to the ground thus already covered without running the risk of seeing the two investigations conflict and therefore render each other more or less nugatory. In the second place, I call your attention to the fact that if an investigation of the nature proposed in this joint resolution is thoroughly and effectively conducted, it will result in giving immunity from criminal prosecution to all persons who are called, sworn and constrained by compulsory process of law to testify as witnesses; though of course such immunity from prosecution is not given to those from whom statements or information, merely, in contradistinction to sworn testimony, is obtained. This is not at all to say that such investigations should not be undertaken. Publicity can by itself often accomplish extraordinary results for good; and the court of public judgment may secure such results where the courts of law are powerless. There are many cases where an investigation securing complete publicity about abuses and giving Congress the material on which to proceed in the enactment of laws, is more useful than a criminal prosecution can possibly be. But it should not be provided for by law without a clear understanding that it may be an alternative instead of an additional remedy; that is, that to carry on the investigation may serve as a bar to the successful prosecution of the offenses disclosed. The official body directed by Congress to make the investigation must, of course, carry out its direction, and therefore the direction should not be given without full appreciation of what it means.

But the direction contained in the Joint Resolution which I have signed will remain almost inoperative unless money is provided to carry out the investigations in question, and unless the Commission in carrying them out is authorized to administer oaths and compel the attendance of witnesses. As the resolution now is, the Commission, which is very busy with its legitimate work and which has no extra money at its disposal, would be able to make the investigation only in the most partial and unsatisfactory manner; and moreover it is questionable whether it could, under this resolution, administer oaths at

all or compel the attendance of witnesses. If this power were disputed by the parties investigated the investigation would be held up for a year or two until the courts passed upon it, in which case, during the period of waiting, the Commission could only investigate to the extent and in the manner already provided under its organic law; so that the passage of the resolution would have achieved no good result whatever.

I accordingly recommend to Congress the serious consideration of just what they wish the Commission to do, and how far they wish it to go, having in view the possible incompatibility of conducting an investigation like this and of also proceeding criminally in a court of law; and furthermore, that a sufficient sum, say fifty thousand dollars, be at once added to the current appropriation for the Commission so as to enable them to do the work indicated in a thorough and complete manner; while at the same time the power is explicitly conferred upon them to administer oaths and compel the attendance of witnesses in making the investigation in question, which covers work quite apart from their usual duties. It seems unwise to require an investigation by a commission and then not to furnish either the full legal power or the money, both of which are necessary to render the investigation effective.

THEODORE ROOSEVELT.

SPECIAL MESSAGE.

THE WHITE HOUSE, March 27, 1906.

To the Senate and House of Representatives:

I submit to you herewith the report of the American members of the International Waterways Commission regarding the preservation of Niagara Falls. I also submit to you certain letters from the Secretary of State and the Secretary of War, including memoranda showing what has been attempted by the Department of State in the effort to secure the preservation of the falls by treaty.

I earnestly recommend that Congress enact into law the suggestions of the American members of the International Waterways Commission for the preservation of Niagara Falls, without waiting for the negotiation of a treaty. The law can be put in such form that it will lapse, say in three years, provided that during that time no international agreement has been reached. But in any event I hope that this Nation will make it evident that it is doing all in its power to preserve the great scenic wonder, the existence of which, unharmed, should be a matter of pride to every dweller on this continent.

THEODORE ROOSEVELT.

SPECIAL MESSAGE.

THE WHITE HOUSE, April 17, 1906.

To the Senate and House of Representatives:

I herewith transmit the report and recommendations, with accompanying papers, of the Insurance Convention which met in February last at Chicago. The convention was called because of the extraordinary disclosures of wrongful insurance methods recently made by the Armstrong legislative committee of the State of New York; the suggestion that it should be called coming to me originally from Governor John A. Johnson, of Minnesota, through Commissioner of Insurance Thomas D. O'Brien, of that State. The convention consisted of about one hundred governors, attorneys-general and commissioners of insurance of the States and Territories of the Union. The convention was seeking to accomplish uniformity of insurance legislation throughout the States and Territories, and as a prime step toward this purpose decided to endeavor to secure the enactment by the Congress of the United States of a proper insurance code for the District of Columbia, which might serve as a model for the several States. Before adjourning, the convention appointed a committee of three attorneys-general and twelve commissioners of insurance of the various States to prepare and have presented to the Congress a bill which should embody the features suggested by the convention. The committee recently met in Chicago, and in thorough and painstaking fashion sought to prepare a bill which should be at once protective of policy holders and fair and just to insurance companies, and which should prevent the graver evils and abuses of the business, and at the same time forestall any wild or drastic legislation which would be more harmful than beneficial. The proposed bill is discussed at length in the accompanying letter by Superintendent Thomas E. Drake, of the Department of Insurance, in the District of Columbia.

I very earnestly hope that the Congress at the earliest opportunity will enact this bill into law, with such changes as its wisdom may dictate. I have no expert familiarity with the business, but I have entire faith in the right judgment and single-minded purpose of the insurance convention which met at Chicago, and of the committee of that convention, which formulated the measure herein advocated. We are not to be pardoned it we fail to take every step in our power to prevent the possibility of the repetition of such scandals as those that have occurred in connection with the insurance business as disclosed by the Armstrong committee.

THEODORE ROOSEVELT.

SPECIAL MESSAGE.

THE WHITE HOUSE, April 18, 1906.

To the Senate and House of Representatives:

I submit herewith a letter of the Attorney-General, enclosing a statement of the proceedings by the United States against the individuals and corporations commonly known as the "Beef Packers," and commenting upon the decision of District Judge Humphrey. The result has been a miscarriage of justice. It clearly appears from the letter of the Attorney-General that no criticism whatever attaches to Commissioner Garfield; what he did was in strict accordance with the law and in pursuance of a duty imposed on him by Congress, which could not be avoided; and of course Congress in passing the Martin resolution could not possibly have foreseen the decision of Judge Humphrey.

But this interpretation by Judge Humphrey of the will of the Congress, as expressed in legislation, is such as to make that will absolutely abortive. Unfortunately there is grave doubt whether the Government has the right of appeal from this decision of the District Judge. The case well illustrates the desirability of conferring upon the Government the same right of appeal in criminal cases, on questions of law, which the defendant now has, in all cases where the defendant had not been put in jeopardy by a trial upon the merits of the charge made against him. The laws of many of the States, and the law of the District of Columbia, recently enacted by the Congress, give the Government the right of appeal. A general law of the character indicated should certainly be enacted.

Furthermore it is very desirable to enact a law declaring the true construction of the existing legislation so far as it affects immunity. I can hardly believe that the ruling of Judge Humphrey will be followed by other judges; but if it should be followed, the result would be either completely to nullify very much, and possibly the major part, of the good to be obtained from the interstate commerce law and from the law creating the Bureau of Corporations in the Department of Commerce and Labor; or else frequently to obstruct an appeal to the criminal laws by the Department of Justice. There seems to be no good reason why the Department of Justice, the Department of Commerce and Labor, and the Interstate Commerce Commission, each, should not, for the common good, proceed within its own powers without undue interference with the functions of the other. It is of course necessary, under the Constitution and the laws, that persons who give testimony or produce evidence, as witnesses, should receive immunity from prosecution. It has hitherto been supposed that the immunity conferred by existing laws was only upon persons who, being subpoenaed, had given testimony or produced evidence, as witnesses, relating to any offense with which they were, or might be, charged. But

Judge Humphrey's decision is, in effect, that, if either the Commissioner of Corporations does his duty, or the Interstate Commerce Commission does its, by making the investigations which they by law are required to make, though they issue no subpoena and receive no testimony or evidence, within the proper meaning of these words, the very fact of the investigation may, of itself, operate to prevent the prosecution of any offender for any offense which may have been developed in even the most indirect manner during the course of the investigation, or even for any offense which may have been detected by investigations conducted by the Department of Justice entirely independently of the labors of the Interstate Commerce Commission or of the Commissioner of Corporations,—the only condition of immunity being that the offender should have given, or directed to be given, information which related to the subject out of which the offense has grown.

In offenses of this kind it is at the best hard enough to execute justice upon offenders. Our system of criminal jurisprudence has descended to us from a period when the danger was lest the accused should not have his rights adequately preserved, and it is admirably framed to meet this danger. But at present the danger is just the reverse; that is, the danger nowadays is, not that the innocent man will be convicted of crime, but that the guilty man will go scot-free. This is especially the case where the crime is one of greed and cunning perpetrated by a man of wealth in the course of those business operations where the code of conduct is at variance, not merely with the code of humanity and morality, but with the code as established in the law of the land. It is much easier, but much less effective, to proceed against a corporation, than to proceed against the individuals in that corporation who are themselves responsible for the wrongdoing. Very naturally outside persons who have no knowledge of the facts, and no responsibility for the success of the proceedings, are apt to clamor for action against the individuals. The Department of Justice has, most wisely, invariably refused thus to proceed against individuals, unless it was convinced both that they were in fact guilty and that there was at least a reasonable chance of establishing this fact of their guilt. These beef packing cases offered one of the very few instances where there was not only the moral certainty that the accused men were guilty, but what seemed—and now seems—sufficient legal evidence of the fact.

But in obedience to the explicit order of the Congress the Commissioner of Corporations had investigated the Beef Packing business. The counsel for the beef packers explicitly admitted that there was no claim that any promise of immunity had been given by Mr. Garfield, as shown by the following colloquy during the argument of the Attorney-General:

"Mr. Moody. * * * * I dismiss almost with a word the claim

that Mr. Garfield promised immunity. Whether there is any evidence of such a promise or not, I do not know, and I do not care.

"Mr. Miller (the counsel for the beef packers). There is no claim of it.

"Mr. Moody. Then I was mistaken, and I will not even say that word."

But Judge Humphrey holds that if the Commissioner of Corporations (and therefore if the Interstate Commerce Commission) in the course of any investigations prescribed by Congress, asks any questions of a person, not called as a witness, or asks any questions of an officer of a corporation, not called as a witness, with regard to the action of the corporation on a subject out of which prosecutions may subsequently arise, then the fact of such questions having been asked operates as a bar to the prosecution of that person or of that officer of the corporation for his own misdeeds.

Such interpretation of the law comes measurably near making the law a farce; and I therefore recommend that the Congress pass a declaratory act stating its real intention.

THEODORE ROOSEVELT.

SPECIAL MESSAGE.

THE WHITE HOUSE, May 4, 1906

To the Senate and House of Representatives:

I transmit herewith a report by the Commissioner of the Bureau of Corporations in the Department of Commerce and Labor on the subject of transportation and freight rates in connection with the oil industry. The investigation, the results of part of which are summarized in this report, was undertaken in accordance with House Resolution 499, passed February 15, 1905, but for the reasons given in the report it has been more general and extensive than was called for in the resolution itself.

I call your especial attention to the letter of transmittal accompanying and summarizing the report; for the report is of capital importance in view of the effort now being made to secure such enlargement of the powers of the Interstate Commerce Commission as will confer upon the Commission power in some measure adequately to meet the clearly demonstrated needs of the situation. The facts set forth in this report are for the most part not disputed. It is only the inferences from them that are disputed, and even in this respect the dispute is practically limited to the question as to whether the transactions are or are not technically legal. The report shows that the Standard Oil Company has benefited enormously up almost to the present moment by secret rates, many of these secret rates being clearly

unlawful. This benefit amounts to at least three-quarters of a million a year. This three-quarters of a million represents the profit that the Standard Oil Company obtains at the expense of the railroads; but of course the ultimate result is that it obtains a much larger profit at the expense of the public. A very striking result of the investigation has been that shortly after the discovery of these secret rates by the Commissioner of Corporations, the major portion of them were promptly corrected by the railroads, so that most of them have now been done away with. This immediate correction, partial or complete, of the evil of the secret rates is of course on the one hand an acknowledgment that they were wrong, and yet were persevered in until exposed; and on the other hand a proof of the efficiency of the work that has been done by the Bureau of Corporations. The Department of Justice will take up the question of instituting prosecutions in at least certain of the cases. But it is most desirable to enact into law the bill introduced by Senator Knox to correct the interpretation of the immunity provision rendered in Judge Humphrey's decision. The hands of the Government have been greatly strengthened in securing an effective remedy by the recent decision of the Supreme Court in the case instituted by the Government against the tobacco trust, which decision permits the Government to examine the books and records of any corporation engaged in interstate commerce; and by the recent conviction and punishment of the Chicago, Burlington and Quincy Railroad and certain of its officers.

But in addition to these secret rates the Standard Oil profits immensely by open rates, which are so arranged as to give it an overwhelming advantage over its independent competitors. The refusal of the railroads in certain cases to prorate produces analogous effects. Thus in New England the refusal of certain railway systems to prorate has resulted in keeping the Standard Oil in absolute monopolistic control of the field, enabling it to charge from three to four hundred thousand dollars a year more to the consumers of oil in New England than they would have had to pay had the price paid been that obtaining in the competitive fields. This is a characteristic example of the numerous evils which are inevitable under a system in which the big shipper and the railroad are left free to crush out all individual initiative and all power of independent action because of the absence of adequate and thorough-going governmental control. Exactly similar conditions obtain in a large part of the West and Southwest. This particular instance exemplifies the fact that the granting to the Government of the power to substitute a proper for an improper rate is in very many instances the only effective way in which to prevent improper discriminations in rates.

It is not possible to put into figures the exact amount by which the Standard profits through the gross favoritism shown it by the railroads

in connection with the open rates. The profit of course comes not merely by the saving in the rate itself as compared with its competitors, but by the higher prices it is able to charge, and (even without reference to these higher prices) by the complete control of the market which it secures, thereby getting the profit on the whole consumption. Here again the only way by which the discriminations can be cured is by conferring upon the Interstate Commerce Commission the power to take quick and effective action in regulating the rates.

One feature of the report which is especially worthy of attention is the showing made as to the way in which the law is evaded by treating as State commerce what is in reality merely a part of interstate commerce. It is clearly shown, for instance, that this device is employed on the New York Central Railroad, as well as on many other railroads, in such fashion as to amount to thwarting the purpose of the law, although the forms of the law may be complied with.

It is unfortunately not true that the Standard Oil Company is the only great corporation which in the immediate past has benefited, and is at this moment benefiting, in wholly improper fashion by an elaborate series of rate discriminations, which permit it to profit both at the expense of its rivals and of the general public. The Attorney-General reports to me that the investigation now going on as to the shipments by the sugar trust over the trunk lines running out of New York City tends to show that the sugar trust rarely if ever pays the lawful rate for transportation, and is thus improperly, and probably unlawfully, favored at the expense of its competitors and of the general public.

The argument is sometimes advanced against conferring upon some governmental body the power of supervision and control over interstate commerce, that to do so tends to weaken individual initiative. Investigations such as this conclusively disprove any such allegation. On the contrary, the proper play for individual initiative can only be secured by such governmental supervision as will curb those monopolies which crush out all individual initiative. The railroad itself can not without such Government aid protect the interests of its own stockholders as against one of these great corporations loosely known as trusts.

In the effort to prevent the railroads from uniting for improper purposes we have very unwisely prohibited them from uniting for proper purposes; that is, for purposes of protection to themselves and to the general public as against the power of the great corporations. They should certainly be given power thus to unite on conditions laid down by Congress, such conditions to include the specific approval of the Interstate Commerce Commission of any agreement to which the railroads may come. In addition to this the Government must interfere through its agents to deprive the railroad of the ability to make

to the big corporations the concessions which otherwise it is powerless to refuse.

The Government should have power by its agents to examine into the conduct of the railways—that is, the examiners under the direction of the Interstate Commerce Commission should be able to examine as thoroughly into the affairs of the railroad as bank examiners now examine into the affairs of banks.

It is impossible to work a material improvement in conditions such as above described merely through the instrumentality of a law suit. A law suit is often a necessary method; but by itself it is an utterly inadequate method. What is needed is the conferring upon the Commission of ample affirmative power, so conferred as to make its decisions take effect at once, subject only to such action by the court as is demanded by the Constitution. The courts have the power to, and will undoubtedly, interfere if the action of the Commission should become in effect confiscatory of the property of an individual or corporation, or if the Commission should undertake to do anything beyond the authority conferred upon it by the law under which it is acting. I am well aware that within the limits thus set the Commission may at times be guilty of injustice; but far grosser and far more frequent injustice, and injustice of a much more injurious kind, now results and must always result from the failure to give the Commission ample power to act promptly and effectively within these broad limits.

Though not bearing upon the question of railroad rates, there are two measures, consideration of which is imperatively suggested by the submission of this report. The Standard Oil Company has, largely by unfair or unlawful methods, crushed out home competition. It is highly desirable that an element of competition should be introduced by the passage of some such law as that which has already passed the House, putting alcohol used in the arts and manufactures upon the free list. Furthermore, the time has come when no oil or coal lands held by the Government, either upon the public domain proper or in territory owned by the Indian tribes, should be alienated. The fee to such lands should be kept in the United States Government whether or not the profits arising from it are to be given to any Indian tribe, and the lands should be leased only on such terms and for such periods as will enable the Government to keep entire control thereof.

THEODORE ROOSEVELT.

SPECIAL MESSAGE.

THE WHITE HOUSE, June 4, 1906.

To the Senate and House of Representatives:

I transmit herewith the report of Mr. James Bronson Reynolds and Commissioner Charles P. Neill, the special committee whom I ap-

pointed to investigate into the conditions in the stock yards of Chicago and report thereon to me. This report is of a preliminary nature. I submit it to you now because it shows the urgent need of immediate action by the Congress in the direction of providing a drastic and thoroughgoing inspection by the Federal government of all stockyards and packing houses and of their products, so far as the latter enter into interstate or foreign commerce. The conditions shown by even this short inspection to exist in the Chicago stock yards are revolting. It is imperatively necessary in the interest of health and of decency that they should be radically changed. Under the existing law it is wholly impossible to secure satisfactory results.

When my attention was first directed to this matter an investigation was made under the Bureau of Animal Industry of the Department of Agriculture. When the preliminary statements of this investigation were brought to my attention they showed such defects in the law and such wholly unexpected conditions that I deemed it best to have a further immediate investigation by men not connected with the bureau, and accordingly appointed Messrs. Reynolds and Neill. It was impossible under existing law that satisfactory work should be done by the Bureau of Animal Industry. I am now, however, examining the way in which the work actually was done.

Before I had received the report of Messrs. Reynolds and Neill I had directed that labels placed upon any package of meat food products should state only that the carcass of the animal from which the meat was taken had been inspected at the time of slaughter. If inspection of meat food products at all stages of preparation is not secured by the passage of the legislation recommended I shall feel compelled to order that inspection labels and certificates on canned products shall not be used hereafter.

The report shows that the stock yards and packing houses are not kept even reasonably clean, and that the method of handling and preparing food products is uncleanly and dangerous to health. Under existing law the National Government has no power to enforce inspection of the many forms of prepared meat food products that are daily going from the packing houses into interstate commerce. Owing to an inadequate appropriation the Department of Agriculture is not even able to place inspectors in all establishments desiring them. The present law prohibits the shipment of uninspected meat to foreign countries, but there is no provision forbidding the shipment of uninspected meats in interstate commerce, and thus the avenues of interstate commerce are left open to traffic in diseased or spoiled meats.

If, as has been alleged on seemingly good authority, further evils exist, such as the improper use of chemicals and dyes, the Government lacks power to remedy them.

A law is needed which will enable the inspectors of the general Government to inspect and supervise from the hoof to the can the preparation of the meat food product. The evil seems to be much less in the sale of dressed carcases than in the sale of canned and other prepared products; and very much less as regards products sent abroad than as regards those used at home.

In my judgment the expense of the inspection should be paid by a fee levied on each animal slaughtered. If this is not done, the whole purpose of the law can at any time be defeated through an insufficient appropriation; and whenever there was no particular public interest in the subject it would be not only easy, but natural thus to make the appropriation insufficient. If it were not for this consideration I should favor the government paying for the inspection.

The alarm expressed in certain quarters concerning this feature should be allayed by a realization of the fact that in no case, under such a law, will the cost of inspection exceed 8 cents per head.

I call special attention to the fact that this report is preliminary, and that the investigation is still unfinished. It is not yet possible to report on the alleged abuses in the use of deleterious chemical compounds in connection with canning and preserving meat products, nor on the alleged doctoring in this fashion of tainted meat and of products returned to the packers as having grown unsalable or unusable from age or from other reasons. Grave allegations are made in reference to abuses of this nature.

Let me repeat that under the present law there is practically no method of stopping these abuses if they should be discovered to exist. Legislation is needed in order to prevent the possibility of all abuses in the future. If no legislation is passed, then the excellent results accomplished by the work of this special commtitee will endure only so long as the memory of the committee's work is fresh, and a recrudescence of the abuses is absolutely certain.

I urge the immediate enactment into law of provisions which will enable the Department of Agriculture adequately to inspect the meat and meat-food products entering into interstate commerce and to supervise the methods of preparing the same, and to prescribe the sanitary conditions under which the work shall be performed. I therefore commend to your favorable consideration, and urge the enactment of substantially the provisions known as Senate amendment No. 29 to the act making appropriations for the Department of Agriculture for the fiscal year ending June 30, 1907, as passed by the Senate, this amendment being commonly known as the "Beveridge amendment."

THEODORE ROOSEVELT.

SPECIAL MESSAGE.

THE WHITE HOUSE, December 11, 1906.

To the Senate and House of Representatives:

On November 21st I visited the island of Porto Rico, landing at Ponce, crossing by the old Spanish road by Cayey to San Juan, and returning next morning over the new American road from Arecibo to Ponce; the scenery was wonderfully beautiful, especially among the mountains of the interior, which constitute a veritable tropic Switzerland. I could not embark at San Juan because the harbor has not been dredged out and cannot receive an American battleship. I do not think this fact creditable to us as a nation, and I earnestly hope that immediate provision will be made for dredging San Juan harbor.

I doubt whether our people as a whole realize the beauty and fertility of Porto Rico, and the progress that has been made under its admirable government. We have just cause for pride in the character of our representatives who have administered the tropic islands which came under our flag as a result of the war with Spain; and of no one of them is this more true than of Porto Rico. It would be impossible to wish a more faithful, a more efficient and a more disinterested public service than that now being rendered in the island of Porto Rico by those in control of the insular government.

I stopped at a dozen towns, all told, and one of the notable features in every town was the gathering of the school children. The work that has been done in Porto Rico for education has been noteworthy. The main emphasis, as is eminently wise and proper, has been put upon primary education; but in addition to this there is a normal school, an agricultural school, three industrial and three high schools. Every effort is being made to secure not only the benefits of elementary education to all the Porto Ricans of the next generation, but also as far as means will permit to train them so that the industrial, agricultural, and commercial opportunities of the island can be utilized to the best possible advantage. It was evident at a glance that the teachers, both Americans and native Porto Ricans, were devoted to their work, took the greatest pride in it, and were endeavoring to train their pupils, not only in mind, but in what counts for far more than mind in citizenship, that is, in character.

I was very much struck by the excellent character both of the insular police and of the Porto Rican regiment. They are both of them bodies that reflect credit upon the American administration of the island. The insular police are under the local Porto Rican government. The Porto Rican regiment of troops must be appropriated for by the Congress. I earnestly hope that this body will be kept permanent. There should certainly be troops in the island, and it is wise that these troops should

be themselves native Porto Ricans. It would be from every standpoint a mistake not to perpetuate this regiment.

In traversing the island even the most cursory survey leaves the beholder struck with the evident rapid growth in the culture both of the sugar cane and tobacco. The fruit industry is also growing. Last year was the most prosperous year that the island has ever known, before or since the American occupation. The total of exports and imports of the island was forty-five millions of dollars as against eighteen millions in 1901. This is the largest in the island's history. Prior to the American occupation the greatest trade for any one year was that of 1896, when it reached nearly $23,000,000. Last year, therefore, there was double the trade that there was in the most prosperous year under the Spanish regimé. There were 210,273 tons of sugar exported last year, of the value of $14,186,319; $3,555,163 of tobacco and 28,290,322 pounds of coffee of the value of $3,481,102. Unfortunately, what used to be Porto Rico's prime cup—coffee—has not shared this prosperity. It has never recovered from the disaster of the hurricane, and moreover, the benefit of throwing open our market to it has not compensated for the loss inflicted by the closing of the markets to it abroad. I call your attention to the accompanying memorial on this subject of the board of trade of San Juan, and I earnestly hope that some measure will be taken for the benefit of the excellent and high-grade Porto Rican coffee.

In addition to delegations from the board of trade and chamber of commerce of San Juan, I also received delegations from the Porto Rican Federation of Labor and from the Coffee Growers' Association.

There is a matter to which I wish to call your special attention, and that is the desirability of conferring full American citizenship upon the people of Porto Rico. I most earnestly hope that this will be done. I cannot see how any harm can possibly result from it, and it seems to me a matter of right and justice to the people of Porto Rico. They are loyal, they are glad to be under our flag, they are making rapid progress along the path of orderly liberty. Surely we should show our appreciation of them, our pride in what they have done, and our pleasure in extending recognition for what has thus been done, by granting them full American citizenship.

Under the wise administration of the present governor and council marked progress has been made in the difficult matter of granting to the people of the island the largest measure of self-government that can with safety be given at the present time. It would have been a very serious mistake to have gone any faster than we have already gone in this direction. The Porto Ricans have complete and absolute autonomy in all their municipal governments, the only power over them possessed by the insular government being that of removing corrupt or incompetent municipal officials. This power has never been exer-

cised save on the clearest proof of corruption or of incompetence—such as to jeopardize the interests of the people of the island, and under such circumstances it has been fearlessly used to the immense benefit of the people. It is not a power with which it would be safe, for the sake of the island itself, to dispense at present. The lower house is absolutely elective, while the upper house is appointive. This scheme is working well; no injustice of any kind results from it, and great benefit to the island, and it should certainly not be changed at this time. The machinery of the elections is administered entirely by the Porto Rican people themselves, the governor and council keeping only such supervision as is necessary in order to insure an orderly election. Any protest as to electoral frauds is settled in the courts.

Here, again, it would not be safe to make any change in the present system. The elections this year were absolutely orderly, unaccompanied by any disturbance, and no protest has been made against the management of the elections, although three contests are threatened where the majorities were very small and error was claimed; the contests, of course, to be settled in the courts. In short, the governor and council are co-operating with all of the most enlightened and most patriotic of the people of Porto Rico in educating the citizens of the island in the principles of orderly liberty. They are providing a government based upon each citizen's self-respect and the mutual respect of all citizens—that is, based upon a rigid observance of the principles of justice and honesty. It has not been easy to instill into the minds of the people unaccustomed to the exercise of freedom the two basic principles of our American system—the principle that the majority must rule and the principle that the minority has rights which must not be disregarded or trampled upon. Yet real progress has been made in having these principles accepted as elementary, as the foundations of successful self-government.

I transmit herewith the report of the governor of Porto Rico, sent to the President through the Secretary of State.

All the insular governments should be placed in one bureau, either in the Department of War or the Department of State. It is a mistake not so to arrange our handling of these islands at Washington as to be able to take advantage of the experience gained in one when dealing with the problems that from time to time arise in another.

In conclusion let me express my admiration for the work done by the Congress when it enacted the law under which the island is now being administered. After seeing the island personally, and after five years' experience in connection with its administration, it is but fair to those who devised this law to say that it would be well-nigh impossible to have devised any other which in the actual working would have accomplished better results.

THEODORE ROOSEVELT.

SPECIAL MESSAGE.

THE WHITE HOUSE, December 17, 1906.

To the Senate and House of Representatives:

The developments of the past year emphasize with increasing force the need of vigorous and immediate action to recast the public land laws and adapt them to the actual situation. The timber and stone act has demonstrated conclusively that its effect is to turn over the public timber lands to great corporations. It has done enormous harm, it is no longer needed, and it should be repealed.

The desert land act results so frequently in fraud and so comparatively seldom in making homes on the land that it demands radical amendment. That provision which permits assignment before patent should be repealed, and the entryman should be required to live for not less than two years at home on the land before patent issues. Otherwise the desert land law will continue to assist speculators and other large holders to get control of land and water on the public domain by indefensible means. The commutation clause of the homestead act, in a majority of cases, defeats the purpose of the homestead act itself, which is to facilitate settlement and create homes. In theory the commutation clause should assist the honest settler and doubtless in some cases it does so. Far more often it supplies the means by which speculators and loan and mortgage companies secure possession of the land. Actual—not constructive—living at home on the land for three years should be required before commutation, unless it should appear wiser to repeal the commutation clause altogether. These matters are more fully discussed in the report of the public lands commission, to which I again call your attention.

I am gravely concerned at the extremely unsatisfactory condition of the public land laws and at the prevalence of fraud under their present provisions. For much of this fraud the present laws are chiefly responsible. There is but one way by which the fraudulent acquisition of these lands can be definitely stopped, and therefore I have directed the Secretary of the Interior to allow no patent to be issued to public land under any law until by an examination on the ground actual compliance with that law has been found to exist. For this purpose an increase of special agents in the general land office is urgently required. Unless it is given, bona fide would-be settlers will be put to grave inconvenience, or else the fraud will in large part go on. Further, the Secretary of the Interior should be enabled to employ enough mining experts to examine the validity of all mineral land claims, and to undertake the supervision and control of the use of the mineral fuels still belonging to the United States. The present coal law limiting the individual entry to 160 acres puts a premium on fraud by making it

impossible to develop certain types of coal fields and yet comply with the law. It is a scandal to maintain laws which sound well, but which make fraud the key without which great natural resources must remain closed. The law should give individuals and corporations, under proper government regulation and control (the details of which I shall not at present discuss) the right to work bodies of coal land large enough for profitable development. My own belief is that there should be provision for leasing coal, oil and gas rights under proper restrictions. If the additional force of special agents and mining experts I recommend is provided and well used, the result will be not only to stop the land frauds, but to prevent delays in patenting valid land claims, and to conserve the indispensable fuel resources of the nation.

Many of the existing laws affecting rights of way and privileges on public lands and reservations are illogical and unfair. Some work injustice by granting valuable rights in perpetuity without return. Others fail to protect the grantee in his possession of permanent improvements made at large expense. In fairness to the government, to the holders of rights and privileges on the public lands, and to the people whom the latter serve, I urge the revision and re-enactment of these laws in one comprehensive act, providing that the regulations and the charge now in force in many cases may be extended to all, to the end that unregulated or monopolistic control of great natural resources may not be acquired or misused for private ends.

The boundaries of the national forest reserves unavoidably include certain valuable timber lands not owned by the government. Important among them are the land grants of various railroads. For more than two years negotiations with the land grant railroads have been in progress looking toward an arrangement by which the forest on railroad lands within national forest reserve may be preserved by the removal of the present crop of timber under rules prescribed by the forest service, and its perpetuation may be assured by the transfer of the land to the government without cost. The advantage of such an arrangement to the government lies in the acquisition of lands whose protection is necessary to the general welfare. The advantage to the railroads is found in the proposal to allow them to consolidate their holdings of timber within forest reserves by exchange after deeding their lands to the government, and thus to cut within a limited time solid bodies of timber instead of alternate sections, although the amount of timber in each case would be the same. It is possible that legislation will be required to authorize this or a similar arrangement with the railroads and other owners. If so, I recommend that it be enacted.

The money value of the national forests now reserved for the use and benefit of the people exceeds considerably the sum of one thousand millions of dollars. The stumpage value of the standing timber approaches seven hundred million dollars, and, together with the range

and timber lands, the water for irrigation and power, and the subsidiary values, reaches an amount equal to that of the national property now under the immediate control of the army and navy together. But this vast domain is withheld from serving the nation as freely and fully as it might by the lack of capital to develop it. The yearly running expenses are sufficiently met by the annual appropriation and the proceeds of the forests. Under the care of the forest service the latter are increasing at the rate of more than half a million dollars a year; the estimate of appropriation for the present year is less than for last year, and it is confidently expected that by 1910 the forest service will be entirely self-supporting. In the meantime there is the most urgent need for trails, fences, cabins for the rangers, bridges, telephone lines and other items of equipment, without which the reserves cannot be handled to advantage, cannot be protected properly and cannot contribute as they should to the general welfare. Expenditures for such permanent improvements are properly chargeable to capital account. The lack of reasonable working equipment weakens the protection of the national forests and greatly limits their production. This want cannot be supplied from the appropriation for running expenses. The need is urgent. Accordingly, I recommend that the Secretary of the Treasury be authorized to advance to the forest service, upon the security of the standing timber, an amount, say $5,000,000, sufficient to provide a reasonable working capital for the national forests, to bear interest and to be repaid in annual installments beginning in ten years.

The national parks of the west are forested and they lie without exception within or adjacent to national forest reserves. Two years ago the latter were transferred to the care of the Secretary of Agriculture, with the most satisfactory results. The same reasons which led to this transfer make advisable a similar transfer of the national parks, now in charge of the Secretary of the Interior, and I recommend legislation to that end.

Within or adjoining national forests are considerable areas of Indian lands of more value under forest than for any other purpose. It would aid greatly in putting these lands to their best use if the power to create national forests by proclamation were extended to cover them. The Indians should be paid the full value of any land thus taken for public purposes from the proceeds of the lands themselves, but such land should revert to the Indians if it is excluded from national forest use before full payment has been made.

The control of grazing in the national forests is an assured success. The condition of the range is improving rapidly, water is being developed, much feed formerly wasted is now saved and used, range controversies are settled, opposition to the grazing fee is practically at an end, and the stockmen are earnestly supporting the forest service

PANAMA CANAL: UPPER GATUN LOCKS, SEPTEMBER, 1910

THE PANAMA CANAL

The commencement of the task of constructing the Panama Canal was the most important event of Roosevelt's Administration. The history of the undertaking is written by Roosevelt himself on pages 6662, 6758, 6881, 6901, 7401, 7480, 7611, 7648, 7667, 7685 and 7728. The message commencing on page 7685 describes his visit of inspection to the canal zone. President Taft continued the narrative, pages 7750, 7754, 7803, 7863 and 7898. The reader who desires a brief recital of the facts should refer to the article entitled "Panama Canal" in the encyclopedic index (volume eleven). The index references following this article will enable the reader to glean a complete and authentic knowledge of the subject from the messages of the Presidents, from Jackson to Taft, who have discussed the project.

and co-operating with it effectively for the improvement of the range.

The situation on the open government range is strikingly different. Its carrying capacity has probably been reduced one-half by over grazing and is still falling. Range controversies in many places are active and bitter, and life and property are often in danger. The interests both of the live stock industry and of the government are needlessly impaired. The present situation is indefensible from any point of view and it should be ended.

I recommend that a bill be enacted which will provide for government control of the public range through the Department of Agriculture, which alone is equipped for that work. Such a bill should insure to each locality rules for grazing specially adapted to its needs and should authorize the collection of a reasonable grazing fee. Above all, the rights of the settler and home-maker should be absolutely guaranteed.

Much of the public land can only be used to advantage for grazing when fenced. Much fencing has been done for that reason and also to prevent other stock owners from using land to which they have an equal right under the law. Reasonable fencing which promotes the use of the range and yet interferes neither with settlement nor with other range rights would be thoroughly desirable if it were legal. Yet the law forbids it, and the law must and will be enforced; I will see to it that the illegal fences are removed unless Congress at the present session takes steps to legalize proper fencing by government control of the range.

THEODORE ROOSEVELT.

SPECIAL MESSAGE.

THE WHITE HOUSE, December 17, 1906.

To the Senate and House of Representatives:

In the month of November I visited the Isthmus of Panama, going over the Canal Zone with considerable care; and also visited the cities of Panama and Colon, which are not in the Zone or under the United States flag, but as to which the United States Government, through its agents, exercises control for certain sanitary purposes.

The U. S. S. *Louisiana,* on which I was, anchored off Colon about half past two on Wednesday afternoon, November 14. I came aboard her, after my stay on shore, at about half past 9 on Saturday evening, November 17. On Wednesday afternoon and evening I received the President of Panama and his suite, and saw members of the Canal Commission, and various other gentlemen, perfecting the arrangement for my visit, so that every hour that I was ashore could be employed

to advantage. I was three days ashore—not a sufficient length of time to allow of an exhaustive investigation of the minutiæ of the work of any single department, still less to pass judgment on the engineering problems, but enough to enable me to get a clear idea of the salient features of the great work and of the progress that has been made as regards the sanitation of the Zone, Colon, and Panama, the caring for and housing of the employees, and the actual digging of the canal. The Zone is a narrow strip of land, and it can be inspected much as one can inspect 50 or 60 miles of a great railroad, at the point where it runs through mountains or overcomes other national obstacles.

I chose the month of November for my visit partly because it is the rainiest month of the year, the month in which the work goes forward at the greatest disadvantage, and one of the two months which the medical department of the French Canal Company found most unhealthy.

Immediately after anchoring on the afternoon of Wednesday there was a violent storm of wind and rain. From that time we did not again see the sun until Saturday morning, the rain continuing almost steadily, but varying from a fine drizzle to a torrential downpour. During that time in fifteen minutes at Cristobal 1.05 inches of rain fell; from 1 to 3 A. M., November 16, 3.2 inches fell; for the twenty-four hours ending noon, November 16, 4.68 inches fell, and for the six days ending noon, November 16, 10.24 inches fell. The Chagres rose in flood to a greater height than it had attained during the last fifteen years, tearing out the track in one place. It would have been impossible to see the work going on under more unfavorable weather conditions. On Saturday, November 17, the sun shone now and then for a few minutes, although the day was generally overcast and there were heavy showers at intervals.

On Thursday morning we landed at about half past seven and went slowly over the line of the Panama Railway, ending with an expedition in a tug at the Pacific entrance of the canal out to the islands where the dredging for the canal will cease. We took our dinner at one of the eating houses furnished by the Commission for the use of the Government employees—no warning of our coming being given. I inspected the Ancon Hospital, going through various wards both for white patients and for colored patients. I inspected portions of the constabulary (Zone police), examining the men individually. I also examined certain of the schools and saw the school children, both white and colored, speaking with certain of the teachers. In the afternoon of this day I was formally received in Panama by President Amador, who, together with the Government and all the people of Panama, treated me with the most considerate courtesy, for which I hereby extend my most earnest thanks. I was driven through Panama and in a public square was formally received and welcomed by the

President and other members of the Government; and in the evening I attended a dinner given by the President, and a reception, which was also a Government function. I also drove through the streets of Panama for the purpose of observing what had been done. We slept at the Hotel Tivoli, at Ancon, which is on a hill directly outside of the city of Panama, but in the Zone.

On Friday morning we left the hotel at 7 o'clock and spent the entire day going through the Culebra cut—the spot in which most work will have to be done in any event. We watched the different steam shovels working; we saw the drilling and blasting; we saw many of the dirt trains (of the two different types used), both carrying the earth away from the steam shovels and depositing it on the dumps—some of the dumps being run out in the jungle merely to get rid of the earth, while in other cases they are being used for double-tracking the railway, and in preparing to build the great dams. I visited many of the different villages, inspecting thoroughly many different buildings—the local receiving hospitals, the houses in which the unmarried white workmen live, those in which the unmarried colored workmen live; also the quarters of the white married employees and of the married colored employees; as well as the commissary stores, the bath houses, the water-closets, the cook sheds for the colored laborers, and the Government canteens, or hotels, at which most of the white employees take their meals. I went through the machine shops. During the day I talked with scores of different men—superintendents and heads of departments, divisions, and bureaus; steam-shovel men, machinists, conductors, engineers, clerks, wives of the American employees, health officers, colored laborers, colored attendants, and managers of the commissary stores where food is sold to the colored laborers; wives of the colored employees who are married. In the evening I had an interview with the British consul, Mr. Mallet, a gentleman who for many years has well and honorably represented the British Government on the Isthmus of Panama and who has a peculiar relation to our work because the bulk of the colored laborers come from the British West Indies. I also saw the French consul, Mr. Gey, a gentleman of equally long service and honorable record. I saw the lieutenants, the chief executive and administrative officers, under the engineering and sanitary departments. I also saw and had long talks with two deputations—one of machinists and one representing the railway men of the dirt trains—listening to what they had to say as to the rate of pay and various other matters and going over, as much in detail as possible, all the different questions they brought up. As to some matters I was able to meet their wishes; as to others, I felt that what they requested could not be done consistently with my duty to the United States Government as a whole; as to yet others I reserved judgment.

On Saturday morning we started at 8 o'clock from the hotel. We went through the Culebra cut, stopping off to see the marines, and also to investigate certain towns; one, of white employees, as to which in certain respects complaint had been made to me; and another town where I wanted to see certain houses of the colored employees. We went over the site of the proposed Gatun dam, having on the first day inspected the sites of the proposed La Boca and Sosa dams. We went out on a little toy railway to the reservoir, which had been built to supply the people of Colon with water for their houses. There we took lunch at the engineers' mess. We then went through the stores and shops of Cristobal, inspecting carefully the houses of both the white and colored employees, married and unmarried, together with the other buildings. We then went to Colon and saw the fire department at work; in four minutes from the signal the engines had come down to Front street, and twenty-one 2½-inch hose pipes were raising streams of water about 75 feet high. We rode about Colon, through the various streets, paved, unpaved, and in process of paving, looking at the ditches, sewers, curbing, and the lights. I then went over the Colon hospital in order to compare it with the temporary town or field receiving hospitals which I had already seen and inspected. I also inspected some of the dwellings of the employees. In the evening I attended a reception given by the American employees on the Isthmus, which took place on one of the docks in Colon, and from there went aboard the Louisiana.

Each day from twelve to eighteen hours were spent in going over and inspecting all there was to be seen, and in examining various employees. Throughout my trip I was accompanied by the Surgeon-General of the Navy, Dr. Rixey; by the Chairman of the Isthmian Canal Commission, Mr. Shonts; by Chief Engineer Stevens; by Dr. Gorgas, the chief sanitary officer of the Commission; by Mr. Bishop, the Secretary of the Commission; by Mr. Ripley, the Principal Assistant Engineer; by Mr. Jackson Smith, who has had practical charge of collecting and handling the laboring force; by Mr. Bierd, general manager of the railway, and by Mr. Rogers, the general counsel of the Commission; and many other officials joined us from time to time.

At the outset I wish to pay a tribute to the amount of work done by the French Canal Company under very difficult circumstances. Many of the buildings they put up were excellent and are still in use, though, naturally, the houses are now getting out of repair and are being used as dwellings only until other houses can be built, and much of the work they did in the Culebra cut, and some of the work they did in digging has been of direct and real benefit. This country has never made a better investment than the $40,000,000 which it paid

to the French Company for work and betterments, including especially the Panama Railroad.

An inspection on the ground at the height of the rainy season served to convince me of the wisdom of Congress in refusing to adopt either a high-level or a sea-level canal. There seems to be a universal agreement among all people competent to judge that the Panama route, the one actually chosen, is much superior to both the Nicaragua and Darien routes.

The wisdom of the canal management has been shown in nothing more clearly than in the way in which the foundations of the work have been laid. To have yielded to the natural impatience of ill-informed outsiders and begun all kinds of experiments in work prior to a thorough sanitation of the Isthmus, and to a fairly satisfactory working out of the problem of getting and keeping a sufficient labor supply, would have been disastrous. The various preliminary measures had to be taken first; and these could not be taken so as to allow us to begin the real work of construction prior to January 1 of the present year. It then became necessary to have the type of the canal decided, and the only delay has been the necessary delay until the 29th day of June, the date when the Congress definitely and wisely settled that we should have an 85-foot level canal. Immediately after that the work began in hard earnest and has been continued with increasing vigor ever since; and it will continue so to progress in the future. When the contracts are let the conditions will be such as to insure a constantly increasing amount of performance.

The first great problem to be solved, upon the solution of which the success of the rest of the work depended, was the problem of sanitation. This was from the outset under the direction of Dr. W. C. Gorgas, who is to be made a full member of the Commission. It must be remembered that his work was not mere sanitation as the term is understood in our ordinary municipal work. Throughout the Zone and in the two cities of Panama and Colon, in addition to the sanitation work proper, he has had to do all the work that the Marine-Hospital Service does as regards the Nation, that the health department officers do in the various States and cities, and that Colonel Waring did in New York when he cleaned its streets. The results have been astounding. The Isthmus had been a by-word for deadly unhealthfulness. Now, after two years of our occupation the conditions as regards sickness and the death rate compare favorably with reasonably healthy localities in the United States. Especial care has been devoted to minimizing the risk due to the presence of those species of mosquitoes which have been found to propagate malarial and yellow fevers. In all the settlements, the little temporary towns or cities composed of the white and black employees, which grow up here and there in the tropic jungle as the needs of the work dictate, the utmost

care is exercised to keep the conditions healthy. Everywhere are to be seen the drainage ditches which in removing the water have removed the breeding places of the mosquitoes, while the whole jungle is cut away for a considerable space around the habitations, thus destroying the places in which the mosquitoes take shelter. These drainage ditches and clearings are in evidence in every settlement, and, together with the invariable presence of mosquito screens around the piazzas, and of mosquito doors to the houses, not to speak of the careful fumigation that has gone on in all infected houses, doubtless explain the extraordinary absence of mosquitoes. As a matter of fact, but a single mosquito, and this not of the dangerous species, was seen by any member of our party during my three days on the Isthmus. Equal care is taken by the inspectors of the health department to secure cleanliness in the houses and proper hygienic conditions of every kind. I inspected between twenty and thirty water-closets, both those used by the white employees and those used by the colored laborers. In almost every case I found the conditions perfect. In but one case did I find them really bad. In this case, affecting a settlement of unmarried white employees, I found them very bad indeed, but the buildings were all inherited from the French Company and were being used temporarily while other buildings were in the course of construction; and right near the defective water closet a new and excellent closet with a good sewer pipe was in process of construction and nearly finished. Nevertheless this did not excuse the fact that the bad condition had been allowed to prevail. Temporary accommodation, even if only such as soldiers use when camped in the field, should have been provided. Orders to this effect were issued. I append the report of Dr. Gorgas on the incident. I was struck, however, by the fact that in this instance, as in almost every other where a complaint was made which proved to have any justification whatever, it appeared that steps had already been taken to remedy the evil complained of, and that the trouble was mainly due to the extreme difficulty, and often impossibility, of providing in every place for the constant increase in the numbers of employees. Generally the provision is made in advance, but it is not possible that this should always be the case; when it is not there ensues a period of time during which the conditions are unsatisfactory, until a remedy can be provided; but I never found a case where the remedy was not being provided as speedily as possible.

I inspected the large hospitals at Ancon and Colon, which are excellent examples of what tropical hospitals should be. I also inspected the receiving hospitals in various settlements. I went through a number of the wards in which the colored men are treated, a number of those in which the white men are treated—Americans and Spaniards. Both white men and black men are treated exactly alike,

and their treatment is as good as that which could be obtained in our first-class hospitals at home. All the patients that I saw, with one or two exceptions, were laborers or other employees on the canal works and railways, most of them being colored men of the ordinary laborer stamp. Not only are the men carefully cared for whenever they apply for care, but so far as practicable a watch is kept to see that if they need it they are sent to the hospitals, whether they desire to go or not. From no responsible source did any complaint come to me as to the management of the hospital service, although occasionally a very ignorant West India negro when he is first brought into the hospital becomes frightened by the ordinary hospital routine.

Just at present the health showing on the Isthmus is remarkably good—so much better than in most sections of the United States that I do not believe that it can possibly continue at quite its present average. Thus, early in the present year a band of several hundred Spaniards were brought to the Isthmus as laborers, and additions to their number have been made from time to time; yet since their arrival in February last but one of those Spaniards thus brought over to work on the canal has died of disease, and he of typhoid fever. Two others were killed, one in a railroad accident, and one by a dynamite explosion. There has been for the last six months a well-nigh steady decline in the death rate for the population of the Zone, this being largely due to the decrease in deaths from pneumonia, which has been the most fatal disease on the Isthmus. In October there were ninety-nine deaths of every kind among the employees of the Isthmus. There were then on the rolls 5,500 whites, seven-eighths of them being Americans. Of these whites but two died of disease, and as it happened neither man was an American. Of the 6,000 white Americans, including some 1,200 women and children, not a single death has occurred in the past three months, whereas in an average city in the United States the number of deaths for a similar number of people in that time would have been about thirty from disease. This very remarkable showing cannot of course permanently obtain, but it certainly goes to prove that if good care is taken the Isthmus is not a particularly unhealthy place. In October, of the 19,000 negroes on the roll 86 died from disease; pneumonia being the most destructive disease, and malarial fever coming second. The difficulty of exercising a thorough supervision over the colored laborers is of course greater than is the case among the whites, and they are also less competent to take care of themselves, which accounts for the fact that their death rate is so much higher than that of the whites, in spite of the fact that they have been used to similar climatic conditions. Even among the colored employees it will be seen that the death rate is not high.

In Panama and Colon the death rate has also been greatly reduced,

this being directly due to the vigorous work of the special brigade of employees who have been inspecting houses where the stegomyia mosquito is to be found, and destroying its larvæ and breeding places, and doing similar work in exterminating the malarial mosquitoes—in short, in performing all kinds of hygienic labor. A little over a year ago all kinds of mosquitoes, including the two fatal species, were numerous about the Culebra cut. In this cut during last October every room of every house was carefully examined, and only two mosquitoes, neither of them of the two fatal species, were found. Unfaltering energy in inspection and in disinfecting and in the work of draining and of clearing brush are responsible for the change. I append Dr. Gorgas's report on the health conditions; also a letter from Surgeon-General Rixey to Dr. Gorgas. The Surgeon-General reported to me that the hygienic conditions on the Isthmus were about as good as, for instance, those in the Norfolk Navy-Yard.

Corozal, some four miles from La Boca, was formerly one of the most unsanitary places on the Isthmus, probably the most unsanitary. There was a marsh with a pond in the middle. Dr. Gorgas had both the marsh and pond drained and the brush cleared off, so that now, when I went over the ground, it appeared like a smooth meadow intersected by drainage ditches. The breeding places and sheltering spots of the dangerous mosquitoes had been completely destroyed. The result is that Corozal for the last six months (like La Boca, which formerly also had a very unsanitary record), shows one of the best sick rates in the Zone, having less than 1 per cent a week admitted to the hospital. At Corozal there is a big hotel filled with employees of the Isthmian Canal Commission, some of them with their wives and families. Yet this healthy and attractive spot was stigmatized as a "hog wallow" by one of the least scrupulous and most foolish of the professional scandal-mongers who from time to time have written about the Commission's work.

The sanitation work in the cities of Panama and Colon has been just as important as in the Zone itself, and in many respects much more difficult; because it was necessary to deal with the already existing population, which naturally had scant sympathy with revolutionary changes, the value of which they were for a long time not able to perceive. In Colon the population consists largely of colored laborers who, having come over from the West Indies to work on the canal, abandon the work and either take to the brush or lie idle in Colon itself; thus peopling Colon with the least desirable among the imported laborers, for the good and steady men of course continue at the work. Yet astonishing progress has been made in both cities. In Panama 90 per cent of the streets that are to be paved at all are already paved with an excellent brick pavement laid in heavy concrete, a few of the streets being still in process of paving. The sewer

and water services in the city are of the most modern hygienic type, some of the service having just been completed.

In Colon the conditions are peculiar, and it is as regards Colon that most of the very bitter complaint has been made. Colon is built on a low coral island, covered at more or less shallow depths with vegetable accumulations or mold, which affords sustenance and strength to many varieties of low-lying tropical plants. One-half of the surface of the island is covered with water at high tide, the average height of the land being 1½ feet above low tide. The slight undulations furnish shallow, natural reservoirs or fresh-water breeding places for every variety of mosquito, and the ground tends to be lowest in the middle. When the town was originally built no attempt was made to fill the low ground, either in the streets or on the building sites, so that the entire surface was practically a quagmire; when the quagmire became impassable certain of the streets were crudely improved by filling especially bad mud holes with soft rock or other material. In September, 1905, a systematic effort was begun to formulate a general plan for the proper sanitation of the city; in February last temporary relief measures were taken, while in July the prosecution of the work was begun in good earnest. The results are already visible in the sewering, draining, guttering and paving of the streets. Some four months will be required before the work of sewerage and street improvement will be completed, but the progress already made is very marked. Ditches have been dug through the town, connecting the salt water on both sides, and into these the ponds, which have served as breeding places for the mosquitoes, are drained. These ditches have answered their purpose, for they are probably the chief cause of the astonishing diminution in the number of mosquitoes. More ditches of the kind are being constructed.

It was not practicable, with the force at the Commission's disposal, and in view of the need that the force should be used in the larger town of Panama, to begin this work before early last winter. Water mains were then laid in the town and water was furnished to the people early in March from a temporary reservoir. This reservoir proved to be of insufficient capacity before the end of the dry season and the shortage was made up by hauling water over the Panama railroad, so that there was at all times an ample supply of the very best water. Since that time the new reservoir back of Mount Hope has been practically completed. I visited this reservoir. It is a lake over a mile long and half a mile broad. It now carries some 500,000,000 gallons of first-class water. I forward herewith a photograph of this lake, together with certain other photographs of what I saw while I was on the Isthmus. Nothing but a cataclysm will hereafter render it necessary in the dry season to haul water for the use of Colon and Cristobal.

One of the most amusing (as well as dishonest) attacks made upon the Commission was in connection with this reservoir. The writer in question usually confined himself to vague general mendacity; but in this case he specifically stated that there was no water in the vicinity fit for a reservoir (I drank it, and it was excellent), and that this particular reservoir would never hold water anyway. Accompanying this message, as I have said above, is a photograph of the reservoir as I myself saw it, and as it has been in existence ever since the article in question was published. With typical American humor, the engineering corps still at work at the reservoir have christened a large boat which is now used on the reservoir by the name of the individual who thus denied the possibility of the reservoir's existence.

I rode through the streets of Colon, seeing them at the height of the rainy season, after two days of almost unexampled downpour, when they were at their very worst. Taken as a whole they were undoubtedly very bad; as bad as Pennsylvania avenue in Washington before Grant's Administration. Front street is already in thoroughly satisfactory shape, however. Some of the side streets are also in good condition. In others the change in the streets is rapidly going on. Through three-fourths of the town it is now possible to walk, even during the period of tremendous rain, in low shoes without wetting one's feet, owing to the rapidity with which the surface water is carried away in the ditches. In the remaining one-fourth of the streets the mud is very deep—about as deep as in the ordinary street of a low-lying prairie river town of the same size in the United States during early spring. All men to whom I spoke were a unit in saying that the conditions of the Colon streets were 100 per cent better than a year ago. The most superficial examination of the town shows the progress that has been made and is being made in macadamizing the streets. Complaint was made to me by an entirely reputable man as to the character of some of the material used for repairing certain streets. On investigation the complaint proved well founded, but it also appeared that the use of the material in question had been abandoned, the Commission, after having tried it in one or two streets, finding it not appropriate.

The result of the investigation of this honest complaint was typical of what occurred when I investigated most of the other honest complaints made to me. That is, where the complaints were not made wantonly or maliciously, they almost always proved due to failure to appreciate the fact that time was necessary in the creation and completion of this Titanic work in a tropic wilderness. It is impossible to avoid some mistakes in building a giant canal through jungle-covered mountains and swamps, while at the same time sanitating tropic cities, and providing for the feeding and general care of from twenty to thirty thousand workers. The complaints brought to me,

either of insufficient provision in caring for some of the laborers, or of failure to finish the pavements of Colon, or of failure to supply water, or of failure to build wooden sidewalks for the use of the laborers in the rainy season, on investigation proved, almost without exception, to be due merely to the utter inability of the Commission to do everything at once.

For instance, it was imperative that Panama, which had the highest death rate and where the chance of a yellow fever epidemic was strongest, should be cared for first; yet most of the complaints as to the delay in taking care of Colon were due to the inability or unwillingness to appreciate this simple fact. Again, as the thousands of laborers are brought over and housed, it is not always possible at the outset to supply wooden walks and bath houses, because other more vital necessities have to be met; and in consequence, while most of the settlements have good bath houses, and, to a large extent at least, wooden walks, there are plenty of settlements where wooden walks have not yet been laid down, and I visited one where the bath houses have not been provided. But in this very settlement the frames of the bath houses are already up, and in every case the utmost effort is being made to provide the wooden walks. Of course, in some of the newest camps tents are used pending the building of houses. Where possible, I think detached houses would be preferable to the semi-detached houses now in general use.

Care and forethought have been exercised by the Commission, and nothing has reflected more credit upon them than their refusal either to go ahead too fast or to be deterred by the fear of criticism from not going ahead fast enough. It is curious to note the fact that many of the most severe critics of the Commission criticize them for precisely opposite reasons, some complaining bitterly that the work is not in a more advanced condition, while the others complain that it has been rushed with such haste that there has been insufficient preparation for the hygiene and comfort of the employees. As a matter of fact neither criticism is just. It would have been impossible to go quicker than the Commission has gone, for such quickness would have meant insufficient preparation. On the other hand, to refuse to do anything until every possible future contingency had been met would have caused wholly unwarranted delay. The right course to follow was exactly the course which has been followed. Every reasonable preparation was made in advance, the hygienic conditions in especial being made as nearly perfect as possible; while on the other hand there has been no timid refusal to push forward the work because of inability to anticipate every possible emergency, for, of course, many defects can only be shown by the working of the system in actual practice.

In addition to attending to the health of the employees, it is, of

course, necessary to provide for policing the Zone. This is done by a police force which at present numbers over 200 men, under Captain Shanton. About one-fifth of the men are white and the others black. In different places I questioned some twenty or thirty of these men, taking them at random. They were a fine set, physically and in discipline. With one exception all the white men I questioned had served in the American army, usually in the Philippines, and belonged to the best type of American soldier. Without exception the black policemen whom I questioned had served either in the British army or in the Jamaica or Barbados police. They were evidently contented, and were doing their work well. Where possible the policemen are used to control people of their own color, but in any emergency no hesitation is felt in using them indiscriminately.

Inasmuch as so many both of the white and colored employees have brought their families with them, schools have been established, the school service being under Mr. O'Connor. For the white pupils white American teachers are employed; for the colored pupils there are also some white American teachers, one Spanish teacher, and one colored American teacher, most of them being colored teachers from Jamaica, Barbados, and St. Lucia. The schoolrooms were good, and it was a pleasant thing to see the pride that the teachers were taking in their work and their pupils.

There seemed to me to be too many saloons in the Zone; but the new high-license law which goes into effect on January 1 next will probably close four-fifths of them. Resolute and successful efforts are being made to minimize and control the sale of liquor.

The cars on the passenger trains on the Isthmus are divided into first and second class, the difference being marked in the price of tickets. As a rule second-class passengers are colored and first-class passengers white; but in every train which I saw there were a number of white second-class passengers, and on two of them there were colored first-class passengers.

Next in importance to the problem of sanitation, and indeed now of equal importance, is the problem of securing and caring for the mechanics, laborers, and other employees who actually do the work on the canal and the railroad. This great task has been under the control of Mr. Jackson Smith, and on the whole has been well done. At present there are some 6,000 white employees and some 19,000 colored employees on the Isthmus. I went over the different places where the different kinds of employees were working; I think I saw representatives of every type both at their work and in their homes; and I conversed with probably a couple of hundred of them all told, choosing them at random from every class and including those who came especially to present certain grievances. I found that those who did not come specifically to present grievances almost invariably ex-

pressed far greater content and satisfaction with the conditions than did those who called to make complaint.

Nearly 5,000 of the white employees had come from the United States. No man can see these young, vigorous men energetically doing their duty without a thrill of pride in them as Americans. They represent on the average a high class. Doubtless to Congress the wages paid them will seem high, but as a matter of fact the only general complaint which I found had any real basis among the complaints made to me upon the Isthmus was that, owing to the peculiar surroundings, the cost of living, and the distance from home, the wages were really not as high as they should be. In fact, almost every man I spoke to felt that he ought to be receiving more money—a view, however, which the average man who stays at home in the United States probably likewise holds as regards himself. I append figures of the wages paid, so that the Congress can judge the matter for itself. Later I shall confer on the subject with certain representative labor men here in the United States, as well as going over with Mr. Stevens, the comparative wages paid on the Zone and at home; and I may then communicate my findings to the canal committees of the two Houses.

The white Americans are employed, some of them in office work, but the majority in handling the great steam shovels, as engineers and conductors on the dirt trains, as machinists in the great repair shops, as carpenters and time-keepers, superintendents, and foremen of divisions and of gangs, and so on and so on. Many of them have brought down their wives and families; and the children when not in school are running about and behaving precisely as the American small boy and small girl behave at home. The bachelors among the employees live, sometimes in small separate houses, sometimes in large houses; quarters being furnished free to all the men, married and unmarried. Usually the bachelors sleep two in a room, as they would do in this country. I found a few cases where three were in a room; and I was told of, although I did not see, large rooms in which four were sleeping; for it is not possible in what is really a vast system of construction camps always to provide in advance as ample house room as the Commission intend later to give. In one case, where the house was an old French house with a leak in the roof, I did not think the accommodations were good. But in every other case among the scores of houses I entered at random, the accommodations were good; every room was neat and clean, usually having books, magazines, and small ornaments; and in short just such a room as a self-respecting craftsman would be glad to live in at home. The quarters for the married people were even better. Doubtless there must be here and there a married couple who, with or without reason, are not contented with their house on the Isthmus; but I never hap-

pened to strike such a couple. The wives of the steam-shovel men, engineers, machinists, and carpenters into whose houses I went, all with one accord expressed their pleasure in their home life and surroundings. Indeed, I do not think they could have done otherwise. The houses themselves were excellent—bathroom, sitting room, piazza, and bedrooms being all that could be desired. In every house which I happened to enter the mistress of the home was evidently a good American housewife and helpmeet, who had given to the home life that touch of attractiveness which, of course, the bachelor quarters neither had nor could have.

The housewives purchase their supplies directly, or through their husbands, from the commissary stores of the Commission. All to whom I spoke agreed that the supplies were excellent, and all but two stated that there was no complaint to be made; these two complained that the prices were excessive as compared to the prices in the States. On investigation I did not feel that this complaint was well founded. The married men ate at home. The unmarried men sometimes ate at private boarding houses, or private messes, but more often, judging by the answers of those whom I questioned, at the government canteens or hotels where the meal costs 30 cents to each employee. This 30-cent meal struck me as being as good a meal as we get in the United States at the ordinary hotel in which a 50-cent meal is provided. Three-fourths of the men whom I questioned stated that the meals furnished at these government hotels were good, the remaining one-fourth that they were not good. I myself took dinner at the La Boca government hotel, no warning whatever having been given of my coming. There were two rooms, as generally in these hotels. In one the employees were allowed to dine without their coats, while in the other they had to put them on. The 30-cent meal included soup, native beef (which was good), mashed potatoes, peas, beets, chili con carne, plum pudding, tea, coffee—each man having as much of each dish as he desired. On the table there was a bottle of liquid quinine tonic, which two-thirds of the guests, as I was informed, used every day. There were neat tablecloths and napkins. The men, who were taking the meal at or about the same time, included railroad men, machinists, shipwrights, and members of the office force. The rooms were clean, comfortable, and airy, with mosquito screens around the outer piazza. I was informed by some of those present that this hotel, and also the other similar hotels, were every Saturday night turned into clubhouses where the American officials, the school-teachers, and various employees, appeared, bringing their wives, there being dancing and singing. There was a piano in the room, which I was informed was used for the music on these occasions. My meal was excellent, and two newspaper correspondents who had been on the Isthmus several days informed me that it was precisely like the meals they had

been getting elsewhere at other Government hotels. One of the employees was a cousin of one of the Secret-Service men who was with me, and he stated that the meals had always been good, but that after a time he grew tired of them because they seemed so much alike.

I came to the conclusion that, speaking generally, there was no warrant for complaint about the food. Doubtless it grows monotonous after awhile. Any man accustomed to handling large masses of men knows that some of them, even though otherwise very good men, are sure to grumble about something, and usually about their food. Schoolboys, college boys, and boarders in boarding houses make similar complaints; so do soldiers and sailors. On this very trip, on one of the warships, a seaman came to complain to the second watch officer about the quality of the cocoa at the seaman's mess, saying that it was not sweet enough; it was pointed out to him that there was sugar on the table and he could always put it in, to which he responded that that was the cook's business and not his! I think that the complaint as to the food on the Isthmus has but little more foundation than that of the sailor in question. Moreover, I was given to understand that one real cause of complaint was that at the government hotels no liquor is served, and some of the drinking men, therefore, refused to go to them. The number of men using the government hotels is steadily increasing.

Of the nineteen or twenty thousand day laborers employed on the canal, a few hundred are Spaniards. These do excellent work. Their foreman told me that they did twice as well as the West India laborers. They keep healthy and no difficulty is experienced with them in any way. Some Italian laborers are also employed in connection with the drilling. As might be expected, with labor as high priced as at present in the United States, it has not so far proved practicable to get any ordinary laborers from the United States. The American wage-workers on the Isthmus are the highly-paid skilled mechanics of the types mentioned previously. A steady effort is being made to secure Italians, and especially to procure more Spaniards, because of the very satisfactory results that have come from their employment; and their numbers will be increased as far as possible. It has not proved possible, however, to get them in anything like the numbers needed for the work, and from present appearances we shall in the main have to rely, for the ordinary unskilled work, partly upon colored laborers from the West Indies, partly upon Chinese labor. It certainly ought to be unnecessary to point out that the American workingman in the United States has no concern whatever in the question as to whether the rough work on the Isthmus, which is performed by aliens in any event, is done by aliens from one country with a black skin or by aliens from another country with a yellow skin. Our business is to dig the canal as efficiently and as quickly as possible; provided

always that nothing is done that is inhumane to any laborers, and nothing that interferes with the wages of or lowers the standard of living of our own workmen. Having in view this principle, I have arranged to try several thousand Chinese laborers. This is desirable both because we must try to find out what laborers are most efficient, and, furthermore, because we should not leave ourselves at the mercy of any one type of foreign labor. At present the great bulk of the unskilled labor on the Isthmus is done by West India negroes, chiefly from Jamaica, Barbados, and the other English possessions. One of the governors of the lands in question has shown an unfriendly disposition to our work, and has thrown obstacles in the way of our getting the labor needed; and it is highly undesirable to give any outsiders the impression, however ill-founded, that they are indispensable and can dictate terms to us.

The West India laborers are fairly, but only fairly, satisfactory. Some of the men do very well indeed; the better class, who are to be found as foremen, as skilled mechanics, as policemen, are good men; and many of the ordinary day laborers are also good. But thousands of those who are brought over under contract (at our expense) go off into the jungle to live, or loaf around Colon, or work so badly after the first three or four days as to cause a serious diminution of the amount of labor performed on Friday and Saturday of each week. I questioned many of these Jamaica laborers as to the conditions of their work and what, if any, changes they wished. I received many complaints from them, but as regards most of these complaints they themselves contradicted one another. In all cases where the complaint was as to their treatment by any individual it proved, on examination, that this individual was himself a West India man of color, either a policeman, a storekeeper, or an assistant storekeeper. Doubtless there must be many complaints against Americans; but those to whom I spoke did not happen to make any such complaint to me. There was no complaint of the housing; I saw but one set of quarters for colored laborers which I thought poor, and this was in an old French house. The barracks for unmarried men are roomy, well ventilated, and clean, with canvas bunks for each man, and a kind of false attic at the top, where the trunks and other belongings of the different men are kept. The clothes are hung on clotheslines, nothing being allowed to be kept on the floor. In each of these big rooms there were tables and lamps, and usually a few books or papers, and in almost every room there was a Bible; the books being the property of the laborers themselves. The cleanliness of the quarters is secured by daily inspection. The quarters for the married negro laborers were good. They were neatly kept, and in almost every case the men living in them, whose wives or daughters did the cooking for them, were far better satisfied and of a higher

grade than the ordinary bachelor negroes. Not only were the quarters in which these negro laborers were living much superior to those in which I am informed they live at home, but they were much superior to the huts to be seen in the jungles of Panama itself, beside the railroad tracks, in which the lower class of native Panamans live, as well as the negro workmen when they leave the employ of the canal and go into the jungles. A single glance at the two sets of buildings is enough to show the great superiority in point of comfort, cleanliness, and healthfulness of the Government houses as compared with the native houses.

The negroes generally do their own cooking, the bachelors cooking in sheds provided by the Government and using their own pots. In the different camps there was a wide variation in the character of these cooking sheds. In some, where the camps were completed, the kitchen or cooking sheds, as well as the bathrooms and water-closets, were all in excellent trim, while there were board sidewalks leading from building to building. In other camps the kitchens or cook sheds had not been floored, and the sidewalks had not been put down, while in one camp the bath houses were not yet up. In each case, however, every effort was being made to hurry on the construction, and I do not believe that the delays had been greater than were inevitable in such work. The laborers are accustomed to do their own cooking; but there was much complaint, especially among the bachelors, as to the quantity, and some as to the quality, of the food they got from the commissary department, especially as regards yams. On the other hand, the married men and their wives, and the more advanced among the bachelors, almost invariably expressed themselves as entirely satisfied with their treatment at the commissary stores; except that they stated that they generally could not get yams there, and had to purchase them outside. The chief complaint was that the prices were too high. It is unavoidable that the prices should be higher than in their own homes; and after careful investigation I came to the conclusion that the chief trouble lay in the fact that the yams, plantains, and the like are rather perishable food, and are very bulky compared to the amount of nourishment they contain, so that it is costly to import them in large quantities and difficult to keep them. Nevertheless, I felt that an effort should be made to secure them a more ample supply of their favorite food, and so directed; and I believe that ultimately the Government must itself feed them. I am having this matter looked into.

The superintendent having immediate charge of one gang of men at the Colon reservoir stated that he endeavored to get them to substitute beans and other nourishing food for the stringy, watery yams, because the men keep their strength and health better on the more nourishing food. Inasmuch, however, as they are accustomed to yams it is difficult to get them to eat the more strengthening food, and some

time elapses before they grow accustomed to it. At this reservoir there has been a curious experience. It is off in the jungle by itself at the end of a couple of miles of a little toy railroad. In order to get the laborers there, they were given free food (and of course free lodgings); and yet it proved difficult to keep them, because they wished to be where they could reach the dramshop and places of amusement.

I was struck by the superior comfort and respectability of the lives of the married men. It would, in my opinion, be a most admirable thing if a much larger number of the men had their wives, for with their advent all complaints about the food and cooking are almost sure to cease.

I had an interview with Mr. Mallet, the British consul, to find out if there was any just cause for complaint as to the treatment of the West India negroes. He informed me most emphatically that there was not, and authorized me to give his statement publicity. He said that not only was the condition of the laborers far better than had been the case under the old French Company, but that year by year the condition was improving under our own régime. He stated that complaints were continually brought to him, and that he always investigated them; and that for the last six months he had failed to find a single complaint of a serious nature that contained any justification whatever.

One of the greatest needs at present is to provide amusements both for the white men and the black. The Young Men's Christian Association is trying to do good work and should be in every way encouraged. But the Government should do the main work. I have specifically called the attention of the Commission to this matter, and something has been accomplished already. Anything done for the welfare of the men adds to their efficiency and money devoted to that purpose is, therefore, properly to be considered as spent in building the canal. It is imperatively necessary to provide ample recreation and amusement if the men are to be kept well and healthy. I call the special attention of Congress to this need.

This gathering, distributing, and caring for the great force of laborers is one of the giant features of the work. That friction will from time to time occur in connection therewith is inevitable. The astonishing thing is that the work has been performed so well and that the machinery runs so smoothly. From my own experience I am able to say that more care had been exercised in housing, feeding, and generally paying heed to the needs of the skilled mechanics and ordinary laborers in the work on this canal than is the case in the construction of new railroads or in any other similar private or public work in the United States proper; and it is the testimony of all people competent to speak that on no other similar work anywhere in the Tropics—indeed, as far as I know, anywhere else—has there been such forethought and

such success achieved in providing for the needs of the men who do the work.

I have now dealt with the hygienic conditions which make it possible to employ a great force of laborers, and with the task of gathering, housing, and feeding these laborers. There remains to consider the actual work which has to be done; the work because of which these laborers are gathered together—the work of constructing the canal. This is under the direct control of the Chief Engineer, Mr. Stevens, who has already shown admirable results, and whom we can safely trust to achieve similar results in the future.

Our people found on the Isthmus a certain amount of old French material and equipment which could be used. Some of it, in addition, could be sold as scrap iron. Some could be used for furnishing the foundation for filling in. For much no possible use could be devised that would not cost more than it would bring in.

The work is now going on with a vigor and efficiency pleasant to witness. The three big problems of the canal are the La Boca dams, the Gatun dam, and the Culebra cut. The Culebra cut must be made, anyhow; but of course changes as to the dams, or at least as to the locks adjacent to the dams, may still occur. The La Boca dams offer no particular problem, the bottom material being so good that there is a practical certainty, not merely as to what can be achieved, but as to the time of achievement. The Gatun dam offers the most serious problem which we have to solve; and yet the ablest men on the Isthmus believe that this problem is certain of solution along the lines proposed; although, of course, it necessitates great toil, energy, and intelligence, and although equally, of course, there will be some little risk in connection with the work. The risk arises from the fact that some of the material near the bottom is not so good as could be desired. If the huge earth dam now contemplated is thrown across from one foothill to the other we will have what is practically a low, broad, mountain ridge behind which will rise the inland lake. This artificial mountain will probably show less seepage, that is, will have greater restraining capacity than the average natural mountain range. The exact locality of the locks at this dam—as at the other dams—is now being determined. In April next Secretary Taft, with three of the ablest engineers of the country—Messrs. Noble, Stearns, and Ripley—will visit the Isthmus, and the three engineers will make the final and conclusive examinations as to the exact site for each lock. Meanwhile the work is going ahead without a break.

The Culebra cut does not offer such great risks; that is, the damage liable to occur from occasional land slips will not represent what may be called major disasters. The work will merely call for intelligence, perseverance, and executive capacity. It is, however, the work upon which most labor will have to be spent. The dams will be com-

posed of the earth taken out of the cut and very possibly the building of the locks and dams will taken even longer than the cutting in Culebra itself.

The main work is now being done in the Culebra cut. It was striking and impressive to see the huge steam shovels in full play, the dumping trains carrying away the rock and earth they dislodged. The implements of French excavating machinery, which often stand a little way from the line of work, though of excellent construction, look like the veriest toys when compared with these new steam shovels, just as the French dumping cars seem like toy cars when compared with the long trains of huge cars, dumped by steam plows, which are now in use. This represents the enormous advance that has been made in machinery during the past quarter of a century. No doubt a quarter of a century hence this new machinery, of which we are now so proud, will similarly seem out of date, but it is certainly serving its purpose well now. The old French cars had to be entirely discarded. We still have in use a few of the more modern, but not most modern, cars, which hold but twelve yards of earth. They can be employed on certain lines with sharp curves. But the recent cars hold from twenty-five to thirty yards apiece, and instead of the old clumsy methods of unloading them, a steam plow is drawn from end to end of the whole vestibuled train, thus immensely economizing labor. In the rainy season the steam shovels can do but little in dirt, but they work steadily in rock and in the harder ground. There were some twenty-five at work during the time I was on the Isthmus, and their tremendous power and efficiency were most impressive.

As soon as the type of canal was decided this work began in good earnest. The rainy season will shortly be over and then there will be an immense increase in the amount taken out; but even during the last three months, in the rainy season, steady progress is shown by the figures: In August, 242,000 cubic yards; in September, 291,000 cubic yards, and in October, 325,000 cubic yards. In October new records were established for the output of individual shovels as well as for the tonnage haul of individual locomotives. I hope to see the growth of a healthy spirit of emulation between the different shovel and locomotive crews, just such a spirit as has grown on our battle ships between the different gun crews in matters of marksmanship. Passing through the cut the amount of new work can be seen at a glance. In one place the entire side of a hill had been taken out recently by twenty-seven tons of dynamite, which were exploded at one blast. At another place I was given a Presidential salute of twenty-one charges of dynamite. On the top notch of the Culebra cut the prism is now as wide as it will be; all told, the canal bed at this point has now been sunk about two hundred feet below what it originally was. It

PRESIDENT ROOSEVELT INSPECTING THE PANAMA CANAL

THE PANAMA CANAL

The commencement of the task of constructing the Panama Canal was the most important event of Roosevelt's Administration. The history of the undertaking is written by Roosevelt himself on pages 6662, 6758, 6881, 6901, 7401, 7480, 7611, 7648, 7667, 7685 and 7728. The message commencing on page 7685 describes his visit of inspection to the canal zone. President Taft continued the narrative, pages 7750, 7754, 7803, 7863 and 7898. The reader who desires a brief recital of the facts should refer to the article entitled "Panama Canal" in the encyclopedic index (volume eleven). The index references following this article will enable the reader to glean a complete and authentic knowledge of the subject from the messages of the Presidents, from Jackson to Taft, who have discussed the project.

will have to be sunk about one hundred and thirty feet farther. Throughout the cut the drilling, blasting, shoveling, and hauling are going on with constantly increasing energy, the huge shovels being pressed up, as if they were mountain howitzers, into the most unlikely looking places, where they eat their way into the hillsides.

The most advanced methods, not only in construction, but in railroad management, have been applied in the Zone, with corresponding economies in time and cost. This has been shown in the handling of the tonnage from ships into cars, and from cars into ships on the Panama Railroad, where, thanks largely to the efficiency of General Manager Bierd, the saving in time and cost, has been noteworthy. My examination tended to show that some of the departments had (doubtless necessarily) become overdeveloped, and could now be reduced or subordinated without impairment of efficiency and with a saving of cost. The Chairman of the Commission, Mr. Shonts, has all matters of this kind constantly in view, and is now reorganizing the government of the Zone, so as to make the form of administration both more flexible and less expensive, subordinating everything to direct efficiency with a view to the work of the Canal Commission. From time to time changes of this kind will undoubtedly have to be made, for it must be remembered that in this giant work of construction, it is continually necessary to develop departments or bureaus, which are vital for the time being, but which soon become useless; just as it will be continually necessary to put up buildings, and even to erect towns, which in ten years will once more give place to jungle, or will then be at the bottom of the great lakes at the ends of the canal.

It is not only natural, but inevitable, that a work as gigantic as this which has been undertaken on the Isthmus should arouse every species of hostility and criticism. The conditions are so new and so trying, and the work so vast, that it would be absolutely out of the question that mistakes should not be made. Checks will occur. Unforeseen difficulties will arise. From time to time seemingly well-settled plans will have to be changed. At present twenty-five thousand men are engaged on the task. After a while the number will be doubled. In such a multitude it is inevitable that there should be here and there a scoundrel. Very many of the poorer class of laborers lack the mental development to protect themselves against either the rascality of others or their own folly, and it is not possible for human wisdom to devise a plan by which they can invariably be protected. In a place which has been for ages a by-word for unhealthfulness, and with so large a congregation of strangers suddenly put down and set to hard work there will now and then be outbreaks of disease. There will now and then be shortcomings in administration; there will be unlooked-for accidents to delay the excavation of the cut or the building of the dams and

locks. Each such incident will be entirely natural, and, even though serious, no one of them will mean more than a little extra delay or trouble. Yet each, when discovered by sensation-mongers and retailed to timid folk of little faith, will serve as an excuse for the belief that the whole work is being badly managed. Experiments will continually be tried in housing, in hygiene, in street repairing, in dredging, and in digging earth and rock. Now and then an experiment will be a failure; and among those who hear of it, a certain proportion of doubting Thomases will at once believe that the whole work is a failure. Doubtless here and there some minor rascality will be uncovered; but as to this, I have to say that after the most painstaking inquiry I have been unable to find a single reputable person who had so much as heard of any serious accusations affecting the honesty of the Commission or of any responsible officer under it. I append a letter dealing with the most serious charge, that of the ownership of lots in Colon; the charge was not advanced by a reputable man, and is utterly baseless. It is not too much to say that the whole atmosphere of the Commission breathes honesty as it breathes efficiency and energy. Above all, the work has been kept absolutely clear of politics. I have never heard even a suggestion of spoils politics in connection with it.

I have investigated every complaint brought to me for which there seemed to be any shadow of foundation. In two or three cases, all of which I have indicated in the course of this message, I came to the conclusion that there was foundation for the complaint, and that the methods of the Commission in the respect complained of could be bettered. In the other instances the complaints proved absolutely baseless, save in two or three instances where they referred to mistakes which the Commission had already itself found out and corrected.

So much for honest criticism. There remains an immense amount of as reckless slander as has ever been published. Where the slanderers are of foreign origin I have no concern with them. Where they are Americans, I feel for them the heartiest contempt and indignation; because, in a spirit of wanton dishonesty and malice, they are trying to interfere with, and hamper the execution of, the greatest work of the kind ever attempted, and are seeking to bring to naught the efforts of their countrymen to put to the credit of America one of the giant feats of the ages. The outrageous accusations of these slanderers constitute a gross libel upon a body of public servants who, for trained intelligence, expert ability, high character and devotion to duty, have never been excelled anywhere. There is not a man among those directing the work on the Isthmus who has obtained his position on any other basis than merit alone, and not one who has used his position in any way for his own personal or pecuniary advantage.

After most careful consideration we have decided to let out most

of the work by contract, if we can come to satisfactory terms with the contractors. The whole work is of a kind suited to the peculiar genius of our people; and our people have developed the type of contractor best fitted to grapple with it. It is, of course, much better to do the work in large part by contract than to do it all by the Government, provided it is possible on the one hand to secure to the contractor a sufficient remuneration to make it worth while for responsible contractors of the best kind to undertake the work; and provided on the other hand it can be done on terms which will not give an excessive profit to the contractor at the expense of the Government. After much consideration the plan already promulgated by the Secretary of War was adopted. This plan in its essential features was drafted, after careful and thorough study and consideration, by the Chief Engineer, Mr. Stevens, who, while in the employment of Mr. Hill, the president of the Great Northern Railroad, had personal experience of this very type of contract. Mr. Stevens then submitted the plan to the Chairman of the Commission, Mr. Shonts, who went carefully over it with Mr. Rogers, the legal adviser of the Commission, to see that all legal difficulties were met. He then submitted copies of the plan to both Secretary Taft and myself. Secretary Taft submitted it to some of the best counsel at the New York bar, and afterwards I went over it very carefully with Mr. Taft and Mr. Shonts, and we laid the plan in its general features before Mr. Root. My conclusion is that it combines the maximum of advantage with the minimum of disadvantage. Under it a premium will be put upon the speedy and economical construction of the canal, and a penalty imposed on delay and waste. The plan as promulgated is tentative; doubtless it will have to be changed in some respects before we can come to a satisfactory agreement with responsible contractors—perhaps even after the bids have been received; and of course it is possible that we cannot come to an agreement, in which case the Government will do the work itself. Meanwhile the work on the Isthmus is progressing steadily and without any let-up.

A seven-headed commission is, of course, a clumsy executive instrument. We should have but one commissioner, with such heads of departments and other officers under him as we may find necessary. We should be expressly permitted to employ the best engineers in the country as consulting engineers.

I accompany this paper with a map showing substantially what the canal will be like when it is finished. When the Culebra cut has been made and the dams built (if they are built as at present proposed) there will then be at both the Pacific and Atlantic ends of the canal. two great fresh-water lakes, connected by a broad channel running at the bottom of a ravine, across the backbone of the Western Hemi-

sphere. Those best informed believe that the work will be completed in about eight years; but it is never safe to prophesy about such a work as this, especially in the Tropics.

I am informed that representatives of the commercial clubs of four cities—Boston, Chicago, Cincinnati, and St. Louis—the membership of which includes most of the leading business men of those cities, except to visit the Isthmus for the purpose of examining the work of construction of the canal. I am glad to hear it, and I shall direct that every facility be given them to see all that is to be seen in the work which the Government is doing. Such interest as a visit like this would indicate will have a good effect upon the men who are doing the work, on one hand, while on the other hand it will offer as witnesses of the exact conditions, men whose experience as business men and whose impartiality will make the result of their observations of value to the country as a whole.

Of the success of the enterprise I am as well convinced as one can be of any enterprise that is human. It is a stupendous work upon which our fellow-countrymen are engaged down there on the Isthmus, and while we should hold them to a strict accountability for the way in which they perform it, we should yet recognize, with frank generosity, the epic nature of the task on which they are engaged and its world-wide importance. They are doing something which will redound immeasurably to the credit of America, which will benefit all the world, and which will last for ages to come. Under Mr. Shonts and Mr. Stevens and Dr. Gorgas this work has started with every omen of good fortune. They and their worthy associates, from the highest to the lowest, are entitled to the same credit that we would give to the picked men of a victorious army; for this conquest of peace will, in its great and far-reaching effect, stand as among the very greatest conquests, whether of peace or of war, which have ever been won by any of the peoples of mankind. A badge is to be given to every American citizen who for a specified time has taken part in this work; for participation in it will hereafter be held to reflect honor upon the man participating just as it reflects honor upon a soldier to have belonged to a mighty army in a great war for righteousness. Our fellow-countrymen on the Isthmus are working for our interest and for the national renown in the same spirit and with the same efficiency that the men of the Army and Navy work in time of war. It behooves us in our turn to do all we can to hold up their hands and to aid them in every way to bring their great work to a triumphant conclusion.

THEODORE ROOSEVELT.

SPECIAL MESSAGE.

THE WHITE HOUSE, December 19, 1906.

To the Senate:

In response to Senate resolution of December 6 addressed to me, and to the two Senate resolutions addressed to him, the Secretary of War has, by my direction, submitted to me a report which I herewith send to the Senate, together with several documents, including a letter of General Nettleton and memoranda as to precedents for the summary discharge or mustering out of regiments or companies, some or all of the members of which had been guilty of misconduct.

I ordered the discharge of nearly all the members of Companies B, C, and D of the Twenty-fifth Infantry by name, in the exercise of my constitutional power and in pursuance of what, after full consideration, I found to be my constitutional duty as Commander in Chief of the United States Army. I am glad to avail myself of the opportunity afforded by these resolutions to lay before the Senate the following facts as to the murderous conduct of certain members of the companies in question and as to the conspiracy by which many of the other members of these companies saved the criminals from justice, to the disgrace of the United States uniform.

I call your attention to the accompanying reports of Maj. Augustus P. Blocksom, of Lieut. Col. Leonard A. Lovering, and of Brig. Gen. Ernest A. Garlington, the Inspector-General of the United States Army, of their investigation into the conduct of the troops in question. An effort has been made to discredit the fairness of the investigation into the conduct of these colored troops by pointing out that General Garlington is a Southerner. Precisely the same action would have been taken had the troops been white—indeed, the discharge would probably have been made in more summary fashion. General Garlington is a native of South Carolina; Lieutenant-Colonel Lovering is a native of New Hampshire; Major Blocksom is a native of Ohio. As it happens, the disclosure of the guilt of the troops was made in the report of the officer who comes from Ohio, and the efforts of the officer who comes from South Carolina were confined to the endeavor to shield the innocent men of the companies in question, if any such there were, by securing information which would enable us adequately to punish the guilty. But I wish it distinctly understood that the fact of the birthplace of either officer is one which I absolutely refuse to consider. The standard of professional honor and of loyalty to the flag and the service is the same for all officers and all enlisted men of the United States Army, and I resent with the keenest indignation any effort to draw any line among them based upon birthplace, creed, or any other consideration of the kind. I should put the same entire faith in these reports if it had happened that they were all made by men coming

from some one State, whether in the South or the North, the East or the West, as I now do, when, as it happens, they were made by officers born in different States.

Major Blocksom's report is most careful, is based upon the testimony of scores of eye-witnesses—testimony which conflicted only in non-essentials and which established the essential facts beyond chance of successful contradiction. Not only has no successful effort been made to traverse his findings in any essential particular, but, as a matter of fact, every trustworthy report from outsiders amply corroborates them, by far the best of these outside reports being that of Gen. A. B. Nettleton, made in a letter to the Secretary of War, which I herewith append; General Nettleton being an ex-Union soldier, a consistent friend of the colored man throughout his life, a lifelong Republican, a citizen of Illinois, and Assistant Secretary of the Treasury under President Harrison.

It appears that in Brownsville, the city immediately beside which Fort Brown is situated, there had been considerable feeling between the citizens and the colored troops of the garrison companies. Difficulties had occurred, there being a conflict of evidence as to whether the citizens or the colored troops were to blame. My impression is that, as a matter of fact, in these difficulties there was blame attached to both sides; but this is a wholly unimportant matter for our present purpose, as nothing that occurred offered in any shape or way an excuse or justification for the atrocious conduct of the troops when, in lawless and murderous spirit, and under cover of the night, they made their attack upon the citizens.

The attack was made near midnight on August 13. The following facts as to this attack are made clear by Major Blocksom's investigation and have not been, and, in my judgment, can not be, successfully controverted. From 9 to 15 or 20 of the colored soldiers took part in the attack. They leaped over the walls from the barracks and hurried through the town. They shot at whomever they saw moving, and they shot into houses where they saw lights. In some of these houses there were women and children, as the would-be murderers must have known. In one house in which there were two women and five children some ten shots went through at a height of about 4½ feet above the floor, one putting out the lamp upon the table. The lieutenant of police of the town heard the firing and rode toward it. He met the raiders, who, as he stated, were about 15 colored soldiers. They instantly started firing upon him. He turned and rode off, and they continued firing upon him until they had killed his horse. They shot him in the right arm (it was afterwards amputated above the elbow). A number of shots were also fired at two other policemen. The raiders fired several times into a hotel, some of the shots being aimed at a guest sitting by a window. They shot into a saloon, killing the bartender and wounding another

man. At the same time other raiders fired into another house in which women and children were sleeping, two of the shots going through the mosquito bar over the bed in which the mistress of the house and her two children were lying. Several other houses were struck by bullets. It was at night, and the streets of the town are poorly lighted, so that none of the individual raiders were recognized; but the evidence of many witnesses of all classes was conclusive to the effect that the raiders were negro soldiers. The shattered bullets, shells, and clips of the Government rifles, which were found on the ground, are merely corroborative. So are the bullet holes in the houses; some of which it appears must, from the direction, have been fired from the fort just at the moment when the soldiers left it. Not a bullet hole appears in any of the structures of the fort.

The townspeople were completely surprised by the unprovoked and murderous savagery of the attack. The soldiers were the aggressors from start to finish. They met with no substantial resistance, and one and all who took part in that raid stand as deliberate murderers, who did murder one man, who tried to murder others, and who tried to murder women and children. The act was one of horrible atrocity, and so far as I am aware, unparalleled for infamy in the annals of the United States Army.

The white officers of the companies were completely taken by surprise, and at first evidently believed that the firing meant that the townspeople were attacking the soldiers. It was not until 2 or 3 o'clock in the morning that any of them became aware of the truth. I have directed a careful investigation into the conduct of the officers, to see if any of them were blameworthy, and I have approved the recommendation of the War Department that two be brought before a court-martial.

As to the noncommissioned officers and enlisted men, there can be no doubt whatever that many were necessarily privy, after if not before the attack, to the conduct of those who took actual part in this murderous riot. I refer to Major Blocksom's report for proof of the fact that certainly some and probably all of the noncommissioned officers in charge of quarters who were responsible for the gun-racks and had keys thereto in their personal possession knew what men were engaged in the attack.

Major Penrose, in command of the post, in his letter (included in the Appendix) gives the reasons why he was reluctantly convinced that some of the men under him—as he thinks, from 7 to 10—got their rifles, slipped out of quarters to do the shooting, and returned to the barracks without being discovered, the shooting all occurring within two and a half short blocks of the barracks. It was possible for the raiders to go from the fort to the farthest point of firing and return in less than ten minutes, for the distance did not exceed 350 yards.

Such are the facts of this case. General Nettleton, in his letter herewith appended, states that next door to where he is writing in Brownsville is a small cottage where a children's party had just broken up before the house was riddled by United States bullets, fired by United States troops, from United States Springfield rifles, at close range, with the purpose of killing or maiming the inmates, including the parents and children who were still in the well-lighted house, and whose escape from death under such circumstances was astonishing. He states that on another street he daily looks upon fresh bullet scars where a volley from similar Government rifles was fired into the side and windows of a hotel occupied at the time by sleeping or frightened guests from abroad who could not possibly have given any offense to the assailants. He writes that the chief of the Brownsville police is again on duty from hospital, and carries an empty sleeve because he was shot by Federal soldiers from the adjacent garrison in the course of their murderous foray; and not far away is the fresh grave of an unoffending citizen of the place, a boy in years, who was wantonly shot down by these United States soldiers while unarmed and attempting to escape.

The effort to confute this testimony so far has consisted in the assertion or implication that the townspeople shot one another in order to discredit the soldiers—an absurdity too gross to need discussion, and unsupported by a shred of evidence. There is no question as to the murder and the attempted murders; there is no question that some of the soldiers were guilty thereof; there is no question that many of their comrades privy to the deed have combined to shelter the criminals from justice. These comrades of the murderers, by their own action, have rendered it necessary either to leave all the men, including the murderers, in the Army, or to turn them all out; and under such circumstances there was no alternative, for the usefulness of the Army would be at an end were we to permit such an outrage to be committed with impunity.

In short, the evidence proves conclusively that a number of the soldiers engaged in a deliberate and concerted attack, as cold blooded as it was cowardly; the purpose being to terrorize the community, and to kill or injure men, women, and children in their homes and beds or on the streets, and this at an hour of the night when concerted or effective resistance or defense was out of the question, and when detection by identification of the criminals in the United States uniform was well-nigh impossible. So much for the original crime. A blacker never stained the annals of our Army. It has been supplemented by another, only less black, in the shape of a successful conspiracy of silence for the purpose of shielding those who took part in the original conspiracy of murder. These soldiers were not school boys on a frolic. They were full-grown men, in the uniform of the United States Army, armed with deadly weapons, sworn to uphold the laws of the United States, and

under every obligation of oath and honor not merely to refrain from criminality, but with the sturdiest rigor to hunt down criminality; and the crime they committed or connived at was murder. They perverted the power put into their hands to sustain the law into the most deadly violation of the law. The noncommissioned officers are primarily responsible for the discipline and good conduct of the men; they are appointed to their positions for the very purpose of preserving this discipline and good conduct, and of detecting and securing the punishment of every enlisted man who does what is wrong. They fill, with reference to the discipline, a part that the commissioned officers are of course unable to fill, although the ultimate responsibility for the discipline can never be shifted from the shoulders of the latter. Under any ordinary circumstances the first duty of the noncommissioned officers, as of the commissioned officers, is to train the private in the ranks so that he may be an efficient fighting man against a foreign foe. But there is an even higher duty, so obvious that it is not under ordinary circumstances necessary so much as to allude to it—the duty of training the soldier so that he shall be a protection and not a menace to his peaceful fellow-citizens, and above all to the women and children of the nation. Unless this duty is well performed, the Army becomes a mere dangerous mob; and if conduct such as that of the murderers in question is not, where possible, punished, and, where this is not possible, unless the chance of its repetition is guarded against in the most thoroughgoing fashion, it would be better that the entire Army should be disbanded. It is vital for the Army to be imbued with the spirit which will make every man in it, and above all, the officers and noncommissioned officers, feel it a matter of highest obligation to discover and punish, and not to shield, the criminal in uniform.

Yet some of the noncommissioned officers and many of the men of the three companies in question have banded together in a conspiracy to protect the assassins and would-be assassins who have disgraced their uniform by the conduct above related. Many of these non-commissioned officers and men must have known, and all of them may have known, circumstances which would have led to the conviction of those engaged in the murderous assault. They have stolidly and as one man broken their oaths of enlistment and refused to help discover the criminals.

By my direction every effort was made to persuade those innocent of murder among them to separate themselves from the guilty by helping bring the criminals to justice. They were warned that if they did not take advantage of the offer they would all be discharged from the service and forbidden again to enter the employ of the Government. They refused to profit by the warning. I accordingly had them discharged. If any organization of troops in the service, white or black, is guilty of similar conduct in the future I shall follow precisely the

same course. Under no circumstances will I consent to keep in the service bodies of men whom the circumstances show to be a menace to the country. Incidentally I may add that the soldiers of longest service and highest position who suffered because of the order, so far from being those who deserve most sympathy, deserve least, for they are the very men upon whom we should be able especially to rely to prevent mutiny and murder.

People have spoken as if this discharge from the service was a punishment. I deny emphatically that such is the case, because as punishment it is utterly inadequate. The punishment meet for mutineers and murderers such as those guilty of the Brownsville assault is death; and a punishment only less severe ought to be meted out to those who have aided and abetted mutiny and murder and treason by refusing to help in their detection. I would that it were possible for me to have punished the guilty men. I regret most keenly that I have not been able to do so.

Be it remembered always that these men were all in the service of the United States under contracts of enlistment, which by their terms and by statute were terminable by my direction as Commander in Chief of the Army. It was my clear duty to terminate those contracts when the public interest demanded it; and it would have been a betrayal of the public interest on my part not to terminate the contracts which were keeping in the service of the United States a body of mutineers and murderers.

Any assertion that these men were dealt with harshly because they were colored men is utterly without foundation. Officers or enlisted men, white men or colored men, who were guilty of such conduct, would have been treated in precisely the same way; for there can be nothing more important than for the United States Army, in all its membership, to understand that its arms cannot be turned with impunity against the peace and order of the civil community.

There are plenty of precedents for the action taken. I call your attention to the memoranda herewith submitted from The Military Secretary's office of the War Department, and a memorandum from The Military Secretary enclosing a piece by ex-Corporal Hesse, now chief of division in The Military Secretary's office, together with a letter from District Attorney James Wilkinson, of New Orleans. The district attorney's letter recites several cases in which white United States soldiers, being arrested for crime, were tried, and every soldier and employee of the regiment, or in the fort at which the soldier was stationed, volunteered all they knew, both before and at the trial, so as to secure justice. In one case the soldier was acquitted. In another case the soldier was convicted of murder, the conviction resulting from the fact that every soldier, from the commanding officer to the humblest private, united in securing all the evidence in their power about the

crime. In other cases, for less offense, soldiers were convicted purely because their comrades in arms, in a spirit of fine loyalty to the honor of the service, at once told the whole story of the troubles and declined to identify themselves with the criminals.

During the civil war numerous precedents for the action taken by me occurred in the shape of the summary discharge of regiments or companies because of misconduct on the part of some or all of their members. The Sixtieth Ohio was summarily discharged, on the ground that the regiment was disorganized, mutinous, and worthless. The Eleventh New York was discharged by reason of general demoralization and numerous desertions. Three companies of the Fifth Missouri Cavalry and one company of the Fourth Missouri Cavalry were mustered out of the service of the United States without trial by court-martial by reason of mutinous conduct and disaffection *of the majority of the members of these companies* (an almost exact parallel to my action). Another Missouri regiment was mustered out of service because it was in a state bordering closely on mutiny. Other examples, including New Jersey, Maryland, and other organizations, are given in the enclosed papers.

I call your particular attention to the special field order of Brig. Gen. U. S. Grant, issued from the headquarters of the Thirteenth Army Corps on November 16, 1862, in reference to the Twentieth Illinois. Members of this regiment had broken into a store and taken goods to the value of some $1,240, and the rest of the regiment, including especially two officers, failed, in the words of General Grant, to "exercise their authority to ferret out the men guilty of the offenses." General Grant accordingly mustered out of the service of the United States the two officers in question, and assessed the sum of $1,240 against the said regiment as a whole, officers and men to be assessed pro rata on their pay. In its essence this action is precisely similar to that I have taken; although the offense was of course trivial compared to the offense with which I had to deal.

Ex-Corporal Hesse recites what occurred in a United States regular regiment in the spring of 1860. (Corporal Hesse subsequently, when the regiment was surrendered to the Confederates by General Twiggs, saved the regimental colors by wrapping them about his body, under his clothing, and brought them north in safety, receiving a medal of honor for his action.) It appears that certain members of the regiment lynched a barkeeper who had killed one of the soldiers. Being unable to discover the culprits, Col. Robert E. Lee, then in command of the Department of Texas, ordered the company to be disbanded and the members transferred to other companies and discharged at the end of their enlistment, without honor. Owing to the outbreak of the Civil War, and the consequent loss of records and confusion, it is not possible to say what finally became of this case.

When General Lee was in command of the Army of Northern Vir-

ginia, as will appear from the inclosed clipping from the Charlotte Observer, he issued an order in October, 1864, disbanding a certain battalion for cowardly conduct, stating at the time his regret that there were some officers and men belonging to the organization who, although not deserving it, were obliged to share in the common disgrace because the good of the service demanded it.

In addition to the discharges of organizations, which are of course infrequent, there are continual cases of the discharge of individual enlisted men without honor and without trial by court-martial. The official record shows that during the fiscal year ending June 30, last, such discharges were issued by the War Department without trial by court-martial in the cases of 352 enlisted men of the Regular Army, 35 of them being on account of "having become disqualified for service through own misconduct." Moreover, in addition to the discharges without honor ordered by the War Department, there were a considerable number of discharges without honor issued by subordinate military authorities under paragraph 148 of the Army Regulations, "where the service has not been honest and faithful—that is, where the service does not warrant reënlistment."

So much for the military side of the case. But I wish to say something additional, from the standpoint of the race question. In my message at the opening of the Congress I discussed the matter of lynching. In it I gave utterance to the abhorrence which all decent citizens should feel for the deeds of the men (in almost all cases white men) who take part in lynchings, and at the same time I condemned, as all decent men of any color should condemn, the action of those colored men who actively or passively shield the colored criminal from the law. In the case of these companies we had to deal with men who in the first place were guilty of what is practically the worst possible form of lynching—for a lynching is in its essence lawless and murderous vengeance taken by an armed mob for real or fancied wrongs—and who in the second place covered up the crime of lynching by standing with a vicious solidarity to protect the criminals.

It is of the utmost importance to all our people that we shall deal with each man on his merits as a man, and not deal with him merely as a member of a given race; that we shall judge each man by his conduct and not his color. This is important for the white man, and it is far more important for the colored man. More evil and sinister counsel never was given to any people than that given to colored men by those advisers, whether black or white, who, by apology and condonation, encourage conduct such as that of the three companies in question. If the colored men elect to stand by criminals of their own race because they are of their own race, they assuredly lay up for themselves the most dreadful day of reckoning. Every farsighted friend of the colored race in its efforts to strive onward and upward, should teach first, as

the most important lesson, alike to the white man and the black, the duty of treating the individual man strictly on his worth as he shows it. Any conduct by colored people which tends to substitute for this rule the rule of standing by and shielding an evil doer because he is a member of their race, means the inevitable degradation of the colored race. It may and probably does mean damage to the white race, but it means ruin to the black race.

Throughout my term of service in the Presidency I have acted on the principle thus advocated. In the North as in the South I have appointed colored men of high character to office, utterly disregarding the protests of those who would have kept them out of office because they were colored men. So far as was in my power, I have sought to secure for the colored people all their rights under the law. I have done all I could to secure them equal school training when young, equal opportunity to earn their livelihood, and achieve their happiness when old. I have striven to break up peonage; I have upheld the hands of those who, like Judge Jones and Judge Speer, have warred against this peonage, because I would hold myself unfit to be President if I did not feel the same revolt at wrong done a colored man as I feel at wrong done a white man. I have condemned in unstinted terms the crime of lynching perpetrated by white men, and I should take instant advantage of any opportunity whereby I could bring to justice a mob of lynchers. In precisely the same spirit I have now acted with reference to these colored men who have been guilty of a black and dastardly crime. In one policy, as in the other, I do not claim as a favor, but I challenge as a right, the support of every citizen of this country, whatever his color, provided only he has in him the spirit of genuine and farsighted patriotism.

THEODORE ROOSEVELT.

SPECIAL MESSAGE.

THE WHITE HOUSE, January 14, 1907.

To the Senate:

In my message to the Senate treating of the dismissal, without honor, of certain named members of the three companies of the Twenty-fifth Infantry, I gave the reports of the officers upon which the dismissal was based. These reports were made in accordance with the custom in such cases; for it would, of course, be impossible to preserve discipline in the Army save by pursuing precisely the course that in this case was pursued. Inasmuch, however, as in the Senate question was raised as to the sufficiency of the evidence, I deemed it wise to send Major Blocksom, and Assistant to the Attorney-General Purdy, to Brownsville to make a thorough investigation on the ground in refer-

ence to the matter. I herewith transmit Secretary Taft's report, and the testimony taken under oath of the various witnesses examined in the course of the investigation. I also submit various exhibits, including maps of Brownsville and Fort Brown, photographs of various buildings, a letter from Judge Parks to his wife, together with a bandoleer, 33 empty shells, 7 ball cartridges, and 4 clips picked up in the streets of Brownsville within a few hours after the shooting; 3 steel-jacketed bullets and some scraps of the casings of other bullets picked out of the houses into which they had been fired. A telegram from United States Commissioner R. B. Creager, at Brownsville, announces that 6 additional bullets—like the others, from Springfield rifles—taken from buildings in Brownsville, with supporting affidavits, have since been sent to the Secretary of War.

It appears from the testimony that on the night of the 13th of August, 1906, several crimes were committed by some person or persons in the city of Brownsville. Among these were the following:

(*a*) The murder of Frank Natus.

(*b*) The assault with intent to kill the lieutenant of police, Dominguez, whose horse was killed under him and whose arm was shot so severely that it had to be amputated.

(*c*) The assault with intent to kill Mr. and Mrs. Hale Odin, and their little boy, who were in the window of the Miller Hotel.

(*d*) The shooting into several private residences in the city of Brownsville, three of them containing women and children.

(*e*) The shooting at and slightly wounding of Preciado.

These crimes were certainly committed by somebody.

As to the motive for the commission of the crimes, it appears that trouble of a more or less serious kind had occurred between individual members of the companies and individual citizens of Brownsville, culminating in complaints which resulted in the soldiers being confined within the limits of the garrison on the evening of the day in question.

The evidence, as will be seen, shows beyond any possibility of honest question that some individuals among the colored troops whom I have dismissed committed the outrages mentioned; and that some or all of the other individuals whom I dismissed had knowledge of the deed and shielded from the law those who committed it.

The only motive suggested as possibly influencing anyone else was a desire to get rid of the colored troops, so strong that it impelled the citizens of Brownsville to shoot up their own houses, to kill one of their own number, to assault their own police, wounding the lieutenant, who had been an officer for twenty years—all with the purpose of discrediting the negro troops. The suggestion is on its face so ludicrously impossible that it is difficult to treat it as honestly made. This theory supposes that the assailants succeeded in obtaining the uniform of the

negro soldiers; that before starting on their raid they got over the fence of the fort unchallenged, and without discovery by the negro troops opened fire on the town from within the fort; that they blacked their faces so that at least fourteen eye-witnesses mistook them for negroes; that they disguised their voices so that it least six witnesses who heard them speak mistook their voices as being those of negroes. They were not Mexicans, for they were heard by various witnesses to speak in English. The weapons they used were Springfield rifles; for the ammunition which they used was that of the Springfield rifle and no other, and could not have been used in any gun in Texas or any part of the Union or Mexico, or in any other part of the world, save only in the Springfield now used by the United States troops, including the negro troops in the garrison at Brownsville, and by no other persons save these troops—a weapon which had only been in use by the United States troops for some four or five months prior to the shooting in question, and which is not in the possession of private citizens.

The cartridge used will go into one other rifle used in the United States, when specially chambered—the Winchester of the '95 model—but it will rarely if ever go off when in it; and, moreover, the bullets picked out of the buildings show the markings of the four so-called "lands" which come from being fired through the Springfield, but not through the Winchester, the latter showing six. The bullets which I herewith submit, which were found in the houses, could not therefore have been fired from a Winchester or any other sporting rifle, although the cartridges might have been put into a Winchester model of '95. The bullets might have been fired from a Krag, but the cartridges would not have gone into a Krag. Taking the shells and the bullets together, the proof is conclusive that the new Springfield rifle was the weapon used by the midnight assassins, and could not by any possibility have been any other rifle of any kind in the world. This of itself establishes the fact that the assailants were United States soldiers, and would be conclusive on this point if not one soldier had been seen or heard by any residents in Brownsville on the night in question, and if nothing were known save the finding of the shells, clips, and bullets.

Fourteen eye-witnesses, namely, Charles R. Chase, Amado Martinez, Mrs. Kate Leahy, Palerno Preciado, Ygnacio Dominguez, Macedonio Ramirez, George W. Rendall, Jose Martinez, J. P. McDonald, F. H. A. Sanborn, Herbert Elkins, Hale Odin, Mrs. Hale Odin, and Judge Parks, testified that they saw the assailants or some of them at varying distances, and that they were negro troops, most of the witnesses giving their testimony in such shape that there is no possibility of their having been mistaken. Two other witnesses, Joseph Bodin and Genero Padron, saw some of the assailants and testified that they were soldiers (the only soldiers in the neighborhood being the colored troops). Four other witnesses, namely, S. C. Moore, Doctor Thorn, Charles S. Can-

ada, and Charles A. Hammond, testified to hearing the shooting and hearing the voices of the men who were doing it, and that these voices were those of negroes, but did not actually see the men who were doing the shooting. About 25 other witnesses gave testimony corroborating to a greater or less degree the testimony of those who thus saw the shooters or heard them. The testimony of these eye and ear-witnesses would establish beyond all possibility of contradiction the fact that the shooting was committed by ten or fifteen or more of the negro troops from the garrison, and this testimony of theirs would be amply sufficient in itself if not a cartridge or bullet had been found; exactly as the bullets and cartridges that were found would have established the guilt of the troops even had not a single eye-witness seen them or other witness heard them.

The testimony of the witnesses and the position of the bullet holes show that fifteen or twenty of the negro troops gathered inside the fort, and that the first shots fired into the town were fired from within the fort; some of them at least from the upper galleries of the barracks.

The testimony further shows that the troops then came out over the walls, some of them perhaps going through the gate, and advanced a distance of 300 yards or thereabouts into the town. During their advance they shot into two hotels and some nine or ten other houses. Three of the private houses into which they fired contained women and children. They deliberately killed Frank Natus, the bartender, shooting him down from a distance of about 15 yards. They shot at a man and woman, Mr. and Mrs. Odin, and their little boy, as they stood in the window of the Miller Hotel, the bullet going less than 2 inches from the head of the woman. They shot down the lieutenant of police, who was on horseback, killing his horse and wounding him so that his arm had to be amputated. They attempted to kill the two policemen who were his companions, shooting one through the hat. They shot at least 8 bullets into the Cowen house, putting out a lighted lamp on the dining-room table. Mrs. Cowen and her five children were in the house; they at once threw themselves prone on the floor and were not hit. They fired into the Starck house, the bullets going through the mosquito bar of a bed from 18 to 20 inches above where little children were sleeping. There was a light in the children's room.

The shooting took place near midnight. The panic caused by the utterly unexpected attack was great. The darkness, of course, increased the confusion. There is conflict of testimony on some of the minor points, but every essential point is established beyond possibility of honest question. The careful examination of Mr. Purdy, Assistant to the Attorney-General, resulted merely in strengthening the reports already made by the regular army authorities. The shooting, it appears, occupied about ten minutes, although it may have been some minutes more or less. It is out of the question that the fifteen or

twenty men engaged in the assault could have gathered behind the wall of the fort, begun firing, some of them on the porches of the barracks, gone out into the town, fired in the neighborhood of 200 shots in the town, and then returned—the total time occupied from the time of the first shot to the time of their return being somewhere in the neighborhood of ten minutes—without many of their comrades knowing what they had done. Indeed, the fuller details as established by the additional evidence taken since I last communicated with the Senate make it likely that there were very few, if any, of the soldiers dismissed who could have been ignorant of what occurred. It is well-nigh impossible that any of the noncommissioned officers who were at the barracks should not have known what occurred.

The additional evidence thus taken renders it in my opinion impossible to question the conclusions upon which my order was based. I have gone most carefully over every issue of law and fact that has been raised. I am now satisfied that the effect of my order dismissing these men without honor was not to bar them from all civil employment under the Government, and therefore that the part of the order which consisted of a declaration to this effect was lacking in validity, and I have directed that such portion be revoked. As to the rest of the order, dismissing the individuals in question without honor, and declaring the effect of such discharge under the law and regulations to be a bar to their future reenlistment either in the Army or the Navy, there is no doubt of my constitutional and legal power. The order was within my discretion, under the Constitution and the laws, and can not be reviewed or reversed save by another Executive order. The facts did not merely warrant the action I took—they rendered such action imperative unless I was to prove false to my sworn duty.

If any one of the men discharged hereafter shows to my satisfaction that he is clear of guilt, or of shielding the guilty, I will take what action is warranted; but the circumstances I have above detailed most certainly put upon any such man the burden of thus clearing himself.

THEODORE ROOSEVELT.

SPECIAL MESSAGE.

THE WHITE HOUSE, March 25, 1908.

To the Senate and House of Representatives:

I call your attention to certain measures as to which I think there should be action by the Congress before the close of the present session. There is ample time for their consideration. As regards most if not all of the matters, bills have been introduced into one or the other of the two Houses, and it is not too much to hope that action will be taken one way or the other on these bills at the present session. In my

message at the opening of the present session, and, indeed, in various messages to previous Congresses, I have repeatedly suggested action on most of these measures.

Child labor should be prohibited throughout the Nation. At least a model child-labor bill should be passed for the District of Columbia. It is unfortunate that in the one place solely dependent upon Congress for its legislation there should be no law whatever to protect children by forbidding or regulating their labor.

I renew my recommendation for the immediate reënactment of an employers' liability law, drawn to conform to the recent decision of the Supreme Court. Within the limits indicated by the court, the law should be made thorough and comprehensive, and the protection it affords should embrace every class of employee to which the power of the Congress can extend.

In addition to a liability law protecting the employees of common carriers, the Government should show its good faith by enacting a further law giving compensation to its own employees for injury or death incurred in its service. It is a reproach to us as a Nation that in both Federal and State legislation we have afforded less protection to public and private employees than any other industrial country of the world.

I also urge that action be taken along the line of the recommendations I have already made concerning injunctions in labor disputes. No temporary restraining order should be issued by any court without notice; and the petition for a permanent injunction upon which such temporary restraining order has been issued should be heard by the court issuing the same within a reasonable time—say, not to exceed a week or thereabouts from the date when the order was issued. It is worth considering whether it would not give greater popular confidence in the impartiality of sentences for contempt if it was required that the issue should be decided by another judge than the one issuing the injunction, except where the contempt is committed in the presence of the court, or in other case of urgency.

I again call attention to the urgent need of amending the interstate-commerce law and especially the anti-trust law along the lines indicated in my last message. The interstate-commerce law should be amended so as to give railroads the right to make traffic agreements, subject to these agreements being approved by the Interstate Commerce Commission and published in all of their details. The Commission should also be given the power to make public and to pass upon the issuance of all securities hereafter issued by railroads doing an interstate-commerce business.

A law should be passed providing in effect that when a Federal court determines to place a common carrier or other public utility concern under the control of a receivership, the Attorney-General should

have the right to nominate at least one of the receivers; or else in some other way the interests of the stockholders should be consulted, so that the management may not be wholly redelivered to the man or men the failure of whose policy may have necessitated the creation of the receivership. Receiverships should be used, not to operate roads, but as speedily as possible to pay their debts and return them to the proper owners.

In addition to the reasons I have already urged on your attention, it has now become important that there should be an amendment of the anti-trust law, because of the uncertainty as to how this law affects combinations among labor men and farmers, if the combination has any tendency to restrict interstate commerce. All of these combinations, if and while existing for and engaged in the promotion of innocent and proper purposes, should be recognized as legal. As I have repeatedly pointed out, this antitrust law was a most unwisely drawn statute. It was perhaps inevitable that in feeling after the right remedy the first attempts to provide such should be crude; and it was absolutely imperative that some legislation should be passed to control, in the interest of the public, the business use of the enormous aggregations of corporate wealth that are so marked a feature of the modern industrial world. But the present anti-trust law, in its construction and working, has exemplified only too well the kind of legislation which, under the guise of being thoroughgoing, is drawn up in such sweeping form as to become either ineffective or else mischievous.

In the modern industrial world combinations are absolutely necessary; they are necessary among business men, they are necessary among laboring men, they are becoming more and more necessary among farmers. Some of these combinations are among the most powerful of all instruments for wrongdoing. Others offer the only effective way of meeting actual business needs. It is mischievous and unwholesome to keep upon the statute books unmodified, a law, like the anti-trust law, which, while in practice only partially effective against vicious combinations, has nevertheless in theory been construed so as sweepingly to prohibit every combination for the transaction of modern business. Some real good has resulted from this law. But the time has come when it is imperative to modify it. Such modification is urgently needed for the sake of the business men of the country, for the sake of the wage-workers, and for the sake of the farmers. The Congress can not afford to leave it on the statute books in its present shape.

It has now become uncertain how far this law may involve all labor organizations and farmers' organizations, as well as all business organizations, in conflict with the law; or, if we secure literal compliance with the law, how far it may result in the destruction of the organiza-

tions necessary for the transaction of modern business, as well as of all labor organizations and farmers' organizations, completely check the wise movement for securing business cooperation among farmers, and put back half a century the progress of the movement for the betterment of labor. A bill has been presented in the Congress to remedy this situation. Some such measure as this bill is needed in the interest of all engaged in the industries which are essential to the country's well-being. I do not pretend to say the exact shape that the bill should take, and the suggestions I have to offer are tentative; and my views would apply equally to any other measure which would achieve the desired end. Bearing this in mind, I would suggest, merely tentatively, the following changes in the law:

The substantive part of the anti-trust law should remain as at present; that is, every contract in restraint of trade or commerce among the several States or with foreign nations should continue to be declared illegal; provided, however, that some proper governmental authority (such as the Commissioner of Corporations acting under the Secretary of Commerce and Labor) be allowed to pass on any such contracts. Probably the best method of providing for this would be to enact that any contract, subject to the prohibition contained in the antitrust law, into which it was desired to enter, might be filed with the Bureau of Corporations or other appropriate executive body. This would provide publicity. Within, say, sixty days of the filing—which period could be extended by order of the Department whenever for any reason it did not give the Department sufficient time for a thorough examination—the executive department having power might forbid the contract, which would then become subject to the provisions of the anti-trust law, if at all in restraint of trade.

If no such prohibition was issued, the contract would then only be liable to attack on the ground that it constituted an unreasonable restraint of trade. Whenever the period of filing had passed without any such prohibition, the contracts or combinations could be disapproved or forbidden only after notice and hearing with a reasonable provision for summary review on appeal by the courts. Labor organizations, farmers' organizations, and other organizations not organized for purposes of profit, should be allowed to register under the law by giving the location of the head office, the charter and by-laws, and the names and addresses of their principal officers. In the interest of all these organizations—business, labor, and farmers' organizations alike—the present provision permitting the recovery of threefold damages should be abolished, and as a substitute therefor the right of recovery allowed for should be only the damages sustained by the plaintiff and the cost of suit, including a reasonable attorney's fee.

The law should not affect pending suits; a short statute of limitations should be provided, so far as the past is concerned, not to exceed a

year. Moreover, and even more in the interest of labor than of business combinations, all such suits brought for causes of action heretofore occurred should be brought only if the contract or combination complained of was unfair or unreasonable. It may be well to remember that all of the suits hitherto brought by the Government under the antitrust law have been in cases where the combination or contract was in fact unfair, unreasonable, and against the public interest.

It is important that we should encourage trade agreements between employer and employee where they are just and fair. A strike is a clumsy weapon for righting wrongs done to labor, and we should extend, so far as possible, the process of conciliation and arbitration as a substitute for strikes. Moreover, violence, disorder, and coercion, when committed in connection with strikes, should be as promptly and sternly repressed as when committed in any other connection. But strikes themselves are, and should be, recognized to be entirely legal. Combinations of workingmen have a peculiar reason for their existence. The very wealthy individual employer, and still more the very wealthy corporation, stand at an enormous advantage when compared to the individual workingman; and while there are many cases where it may not be necessary for laborers to form a union, in many other cases it is indispensable, for otherwise the thousands of small units, the thousands of individual workingmen, will be left helpless in their dealings with the one big unit, the big individual or corporate employer.

Twenty-two years ago, by the act of June 29, 1886, trades unions were recognized by law, and the right of laboring people to combine for all lawful purposes was formally recognized, this right including combination for mutual protection and benefits, the regulation of wages, hours and conditions of labor, and the protection of the individual rights of the workmen in the prosecution of their trade or trades; and in the act of June 1, 1898, strikes were recognized as legal in the same provision that forbade participation in or instigation of force or violence against persons or property, or the attempt to prevent others from working, by violence, threat, or intimidation. The business man must be protected in person and property, and so must the farmer and the wageworker; and as regards all alike, the right of peaceful combination for all lawful purposes should be explicitly recognized.

The right of employers to combine and contract with one another and with their employees should be explicitly recognized; and so should the right of the employees to combine and to contract with one another and with the employers, and to seek peaceably to persuade others to accept their views, and to strike for the purpose of peaceably obtaining from employers satisfactory terms for their labor. Nothing should be done to legalize either a blacklist or a boycott that would be illegal at

misguided men were encouraged by outsiders to persist in their course of concealment and denial. I feel, therefore, that the guilt of the men who, after the event, thus shielded the perpetrators of the wrong by refusing to tell the truth about them, though serious, was in part due to the unwise and improper attitude of others, and that some measure of allowance should be made for the misconduct. In other words, I believe we can afford to reinstate any of these men who now truthfully tell what has happened, give all the aid they can to fix the responsibility upon those who are really guilty, and show that they themselves had no guilty knowledge beforehand and were in no way implicated in the affair, save by having knowledge of it afterwards and failing and refusing to divulge it. Under the circumstances, and in view of the length of time they have been out of the service, and their loss of the benefit that would have accrued to them by continuous long-time service, we can afford to treat the men who meet the requirements given above as having been sufficiently punished by the consequences they brought upon themselves when they rendered necessary the exercise of the disciplinary power. I recommend that a law be passed allowing the Secretary of War, within a fixed period of time, say a year, to reinstate any of these soldiers whom he, after careful examination, finds to have been innocent and whom he finds to have done all in his power to help bring to justice the guilty.

Meanwhile, the investigation will be continued. The results have made it obvious that only by carrying on the investigation as the War Department has actually carried it on is there the slightest chance of bringing the offenders to justice or of separating not the innocent, for there were doubtless hardly any innocent, but the less guilty from those whose guilt was heinous.

THEODORE ROOSEVELT.

SPECIAL MESSAGE.

THE WHITE HOUSE, December 15, 1908.

To the Senate and House of Representatives:

In view of the constant reiteration of the assertion that there was some corrupt action by or on behalf of the United States Government in connection with the acquisition of the title of the French Company to the Panama Canal, and of the repetition of the story that a syndicate of American citizens owned either one or both of the Panama companies, I deem it wise to submit to the Congress all the information I have on the subject. These stories were first brought to my attention as published in a paper in Indianapolis, called "The News," edited by Mr. Delavan Smith. The stories were scurrilous and libelous in character and false in every essential particular. Mr. Smith shelters him-

self behind the excuse that he merely accepted the statements which had appeared in a paper published in New York, "The World," owned by Mr. Joseph Pulitzer. It is idle to say that the known character of Mr. Pulitzer and his newspaper are such that the statements in that paper will be believed by nobody; unfortunately, thousands of persons are ill informed in this respect and believe the statements they see in print, even though they appear in a newspaper published by Mr. Pulitzer. A Member of Congress has actually introduced a resolution in reference to these charges. I therefore lay all the facts before you.

The story repeated at various times by the World and by its followers in the newspaper press is substantially as follows: That there was corruption by or on behalf of the Government of the United States in the transaction by which the Panama Canal property was acquired from its French owners; that there were improper dealings of some kind between agents of the Government and outside persons, representing or acting for an American syndicate, who had gotten possession of the French Company; that among these persons, who it was alleged made "huge profits," were Mr. Charles P. Taft, a brother of Mr. William H. Taft, then candidate for the Presidency, and Mr. Douglas Robinson, my brother-in-law; that Mr. Cromwell, the counsel for the Panama Canal Company in the negotiations, was in some way implicated with the United States governmental authorities in these improper transactions; that the Government has concealed the true facts, and has destroyed, or procured or agreed to the destruction of, certain documents; that Mr. W. H. Taft was Secretary of War at the time that by an agreement between the United States Government and the beneficiaries of the deal all traces thereof were "wiped out" by transferring all the archives and "secrets" to the American Government, just before holding the convention last June at which Mr. Taft was nominated.

These statements sometimes appeared in the editorials, sometimes in the news columns, sometimes in the shape of contributions from individuals either unknown or known to be of bad character. They are false in every particular from beginning to end. The wickedness of the slanders is only surpassed by their fatuity. So utterly baseless are the stories that apparently they represent in part merely material collected for campaign purposes and in part stories originally concocted with a view of possible blackmail. The inventor of the story about Mr. Charles P. Taft, for instance, evidently supposed that at some period of the Panama purchase Mr. W. H. Taft was Secretary of War, whereas in reality Mr. W. H. Taft never became Secretary of War until long after the whole transaction in question had been closed. The inventor of the story about Mr. Douglas Robinson had not taken the trouble to find out the fact that Mr. Robinson had not had the slightest connection, directly or indirectly, of any kind or sort with

misguided men were encouraged by outsiders to persist in their course of concealment and denial. I feel, therefore, that the guilt of the men who, after the event, thus shielded the perpetrators of the wrong by refusing to tell the truth about them, though serious, was in part due to the unwise and improper attitude of others, and that some measure of allowance should be made for the misconduct. In other words, I believe we can afford to reinstate any of these men who now truthfully tell what has happened, give all the aid they can to fix the responsibility upon those who are really guilty, and show that they themselves had no guilty knowledge beforehand and were in no way implicated in the affair, save by having knowledge of it afterwards and failing and refusing to divulge it. Under the circumstances, and in view of the length of time they have been out of the service, and their loss of the benefit that would have accrued to them by continuous long-time service, we can afford to treat the men who meet the requirements given above as having been sufficiently punished by the consequences they brought upon themselves when they rendered necessary the exercise of the disciplinary power. I recommend that a law be passed allowing the Secretary of War, within a fixed period of time, say a year, to reinstate any of these soldiers whom he, after careful examination, finds to have been innocent and whom he finds to have done all in his power to help bring to justice the guilty.

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any phase of the Panama transaction from beginning to end. The men who attacked Mr. Root in the matter had not taken the trouble to read the public documents which would have informed them that Mr. Root had nothing to do with the purchase, which was entirely arranged through the Department of Justice under the then Attorney-General, Mr. Knox.

Now, these stories as a matter of fact need no investigation whatever. No shadow of proof has been, or can be, produced in behalf of any of them. They consist simply of a string of infamous libels. In form, they are in part libels upon individuals, upon Mr. Taft and Mr. Robinson, for instance. But they are in fact wholly, and in form partly, a libel upon the United States Government. I do not believe we should concern ourselves with the particular individuals who wrote the lying and libelous editorials, articles from correspondents, or articles in the news columns. The real offender is Mr. Joseph Pulitzer, editor and proprietor of the World. While the criminal offense of which Mr. Pulitzer has been guilty is in form a libel upon individuals, the great injury done is in blackening the good name of the American people. It should not be left to a private citizen to sue Mr. Pulitzer for libel. He should be prosecuted for libel by the governmental authorities. In point of encouragement of iniquity, in point of infamy, of wrongdoing, there is nothing to choose between a public servant who betrays his trust, a public servant who is guilty of blackmail, or theft, or financial dishonesty of any kind, and a man guilty as Mr. Joseph Pulitzer has been guilty in this instance. It is therefore a high national duty to bring to justice this vilifier of the American people, this man who wantonly and wickedly and without one shadow of justification seeks to blacken the character of reputable private citizens and to convict the Government of his own country in the eyes of the civilized world of wrongdoing of the basest and foulest kind, when he has not one shadow of justification of any sort or description for the charge he has made. The Attorney-General has under consideration the form in which the proceedings against Mr. Pulitzer shall be brought.

Meanwhile I submit to you all the accompanying papers, so that you may have before you complete information on the subject. I call your attention to my communications in my messages to the Congress of January 20, 1902, March 11, 1903, December 7, 1903, January 4, 1904, and December 17, 1906, in which I set forth at length the history of various phases of the whole transaction. I recall your attention to the report and opinion of the Attorney-General rendered to me, dated October 25, 1902, with the accompanying documents and exhibits. I call your attention to the correspondence of the officers and agents of the Panama Canal Company with the President and other officers of the United States printed in Senate Document No. 34, December 10, 1902; also to the copy of the official proceedings of the New Panama

Canal Company at Paris on the 30th of December, 1903, together with a report of the Council of Administration of that company, printed in Senate Document No. 133, January 28, 1904; and to the copy of the general conveyance by the New Panama Canal Company to the United States, also copies of certain telegrams from the president of the company making an offer of sale, and Attorney-General Knox's cablegram in response printed in Senate Document No. 285, March 23, 1906. I call your attention furthermore to the exhaustive testimony recorded in public document (Sen. Doc. No. 411, 59th Cong., 2nd sess.), which contains the searching investigation into the whole transaction made by the Congress for its information and fully considered by the Congress before it took action.

In the Act approved June 28, 1902, "To provide for the construction of a canal connecting the waters of the Atlantic and Pacific oceans," the Congress provided as follows:

"That the President of the United States is hereby authorized to acquire, for and on behalf of the United States, at a cost not exceeding forty missions of dollars, the rights, privileges, franchises, concessions, grants of land, right of way, unfinished work, plants, and other property, real, personal, and mixed, of every name and nature, owned by the New Panama Canal Company, of France, on the Isthmus of Panama, and all its maps, plans, drawings, records on the Isthmus of Panama, and in Paris, including all the capital stock, not less, however, than sixty-eight thousand eight hundred and sixty-three shares of the Panama Railroad Company, owned by or held for the use of said Canal Company, provided a satisfactory title to all of said property can be obtained."

It thereupon became the duty of the President, in execution of this statute, to purchase the property specified from the New Panama Canal Company, of France, provided he could obtain a satisfactory title. The Department of Justice was instructed to examine the title, and after such an examination Attorney-General Knox reported that a satisfactory title could be obtained. Payment of the purchase price was thereupon made to the New Panama Canal Company, in accordance with the act of Congress, and the property was conveyed by that company to the United States. It was no concern of the President, or of any officer of the Executive Department, to inquire as to what the New Panama Canal Company did with the money which it received. As a matter of fact, the New Panama Canal Company did distribute the money between its shareholders and the shareholders of the preceding Panama Canal Company in accordance with the decree of a French court, and the records of the French court show who were the shareholders who received the money; but that is no concern of ours.

I call your attention to the accompanying statement as to the attempt to form an American company in 1899 for the purpose of taking over the property of the French company. This attempt proved

abortive. There was no concealment in its effort to put through this plan; its complete failure and abandonment being known to everyone.

The important points set forth in the accompanying papers, and in the papers to which I have referred you, are as follows:

The investigation of the history, physical condition, and existing value of the enterprise by the Congress, resulting in the enactment of the law of 1902 authorizing the President to acquire the property for the sum of $40,000,000 upon securing a satisfactory title and thereupon to undertake the work of construction; the failure of the Americanization of the enterprise in 1899; the transmission by me to the Congress from time to time of full information and advice as to the relations of this Government to transit across the Isthmus and under the treaties, as to the negotiations and final acquisition of the title, and later as to the progress and condition of the work of construction; the previous authorization of the sale to the United States by the stockholders of the new company and their subsequent ratification; the examination and approval of the title by Mr. Knox; the arrangements for payment through J. P. Morgan & Company as the fiscal agents of this Government, and the payment accordingly at the Bank of France upon proper official receipts to the liquidators acting under the decree of the French court, the French governmental body having jurisdiction in the matter; and, finally, the subsequent apportionment and distribution of the fund to the creditors and stockholders of the two companies under that decree.

The Panama Canal transaction was actually carried through not by either the then Secretary of State, Mr. John Hay, or the then Secretary of War, Mr. Elihu Root, both of whom, however, were cognizant of all the essential features; but by the then Attorney-General, Mr. P. C. Knox, at present Senator from Pennsylvania. I directed or approved every action, and am responsible for all that was done in carrying out the will of the Congress; and the provisions of the law, enacted by Congress after exhaustive examination and discussion, were scrupulously complied with by the Executive. While the transaction was pending I saw Mr. Cromwell but two or three times, and my communications with him were limited to the exchange of purely formal courtesies. Secretary Hay occasionally saw him, in the same manner; I doubt whether Mr. Root held any conversation with him. The Attorney-General saw him frequently, as he was counsel for the Panama Company; their communications were official, as representing the two sides. I enclose copies of my correspondence with Mr. William Dudley Foulke, who first brought these scandalous stories to my attention, and with Senator Knox and Mr. Cromwell, to whom I wrote in response to the request of a gentleman who wished to know about the stockholders in the Panama Canal Company.

The title to the Panama Canal properties was vested in the New

Panama Canal Company of France, which was the legal owner thereof, and the old or so-called De Lesseps Company had a large equity therein. The title was not in a New Jersey company nor in any other American company, nor did this Government have any dealings with any American company throughout the affair.

The exact legal status, to the most minute detail, appears in the exhaustive opinion of Attorney-General Knox approving the title to be given to the United States, which clearly establishes that the only party dealt with was the New Panama Canal Company of France (with the concurrence of the liquidator of the old company) and not any American corporation or syndicate.

The action of the United States Government was, of course, wholly uninfluenced by, and had nothing whatever to do with, any question as to who were, or who had been, the security-holders of either the new or the old company. Who such security-holders were was not our affair. If, as a matter of fact, the Canal companies, either or both, had been owned by American citizens or by citizens of any other nationality, it would not have altered in the slightest degree the action taken by this Government. Our concern was to get the canal property which was owned by the French Company, and to see that the title was clear. Our transactions were carried on openly, and were published in detail, and we dealt solely (so far as the interests of the old Panama Company were concerned) with the liquidator appointed by the proper French governmental body, the Civil Tribunal of the Seine, and in accordance with the decree of this same tribunal, with the New Panama Canal Company, which also went into liquidation upon the sale to the United States. All our transactions were carried on openly, and were published in detail.

The distribution of our payment of $40,000,000 follows the award of arbitrators chosen by the new company and the liquidator, authorized by the decree of this same Civil Tribunal of the Seine, and providing for a determination of the proportionate division between the new and old companies. We paid the money through the New York banking house of Messrs. J. P. Morgan & Company, acting as fiscal agents of this Government, into the Bank of France in Paris. The receipts and accounts of our Treasury Department show the payment of the money into the Bank of France and account for the money being paid over to the liquidator appointed by the Civil Tribunal of the Seine and to the New Panama Canal Company of France, the proportion of the forty million dollars being 128,600,000 francs to the liquidator of the old company and 77,400,000 francs to the New Panama Canal Company of France in liquidation. In these payments we followed to the letter the decree of the governmental tribunal of France which had the authority to make such a decree, the Civil Tribunal of the Seine. We had neither desire nor authority to go behind this decree of this proper govern-

mental body, as all the conflicting rights of the security-holders of both companies had been settled by the decree of said court by ratification of the arbitration which resulted in that division.

I wish to make as clear as possible, and as emphatic as possible, the statement that we did not have anything to do with the distribution of a dollar of the $40,000,000 we paid as regards any stockholder or bondholder of the French Companies, save that we followed out the award of the arbitrators appointed in accordance with the decree of the French court which had dealt with the subject in awarding a certain proportion to the old company and a certain proportion to the new company. Any question concerning the stockholders, bondholders, or other beneficiaries of the proceeds of sale was purely a question for the Civil Tribunal of the Seine, the French governmental body, with which this Nation had nothing whatever to do.

Under these circumstances there was not the slightest need for Mr. Cromwell to give any information on the subject of the companies for which he had been counsel. This Government has no concern with Mr. Cromwell's relation to these companies, or either of them, or with the amount of his professional compensation; it was not the affair of this Government to inquire who were the security-holders of the companies. Nevertheless, Mr. Cromwell, of his own accord, has submitted to me, together with a copy of his statement published on the 11th instant, and which I transmit herewith, a full list of the stockholders of the New Panama Canal Company of France on January 15, 1900 (numbering over 6,000), and a list of all stockholders who were present at a special meeting of the company held February 28, 1902, immediately after the cable offer of the company was made to the United States (January 9-11, 1902), to accept the appraisement of $40,000,000 made by the Isthmian Canal Commission, and to sell for said sum the Panama Canal, concessions, and other property, and the shares of the Panama Railroad Company. He has also furnished me a certified copy of the final report of the liquidator of the old company, which was filed on June 25th last and formally approved by the Civil Tribunal of the Seine, together with a summary account prepared and signed by said liquidator as late as the 24th ultimo. I also transmit a translation of the two resolutions, with the vote upon them, adopted at a meeting of the stockholders of the new company held on April 23, 1904, for the purpose of finally ratifying the sale.

All these documents I herewith transmit as a part of this message. It appears from them that the creditors of the old company number 226,296 parties who have received dividends out of the funds in the hands of the liquidator, who, in his letter, states that in this present month of December the second and last distribution to the creditors will be begun, and that the average dividend heretofore paid to each individual was 782 francs, or $156. No payment whatever was or will

be made upon the stock of the old company, as it was worthless from the day De Lesseps failed, and this cuts out from consideration all misleading statements regarding a possible purchase by anybody of the stock of the old Panama Canal Company. It has not received, and will not receive, a penny. Even upon the bonded indebtedness the dividend, I am thus informed, will amount, in the aggregate, to only about ten per centum. It likewise plainly appears that this distribution by the liquidator of the old company has been openly conducted at his office in Paris, No. 50 Rue Etienne Marcel, where all the receipts, accounts, and records of his payments are on file.

The New Panama Canal Company of France is in liquidation. As the accompanying papers set forth, this liquidated company received as its proportion of the $40,000,000 the sum of 77,400,000 francs, and this amount was distributed by the liquidation in three payments through four leading banks of Paris, covering a period of the past four years, and to shareholders numbering about 6,000. Every step of the transaction was not only taken publicly, but was, contemporaneously therewith, advertised in the legal and financial papers of France, and the banks making the payments took proper receipts from all the parties to whom payments were made, as is customary in such cases.

The capital of the New Panama Canal Company of France was 65,000,000 francs, and the distribution thus made amounted to about 130 francs on each share of 100 francs. No dividends were paid during the ten years of the company's existence. It therefore resulted that the shareholders only recovered their original investment with annual interest of about three per cent.

The accounts and records of this liquidation which was concluded in June last, are on deposit with the Crédit Lyonnaisé of Paris as a proper custodian of the same, appointed upon such liquidation. Recently a request was made by a private individual to inspect the records of these payments, but answer was made by the custodians that they saw no proper reason for granting such request by a stranger, and, inasmuch as there is not the slightest ground for suspicion of any bad faith in the transaction, it hardly seems worth while to make the request; but if the Congress desires, I have no doubt that on the request of our Ambassador in Paris, the lists of individuals will be shown him.

As a matter of fact, there is nothing whatever, in which this Government is interested, to investigate about this transaction. So far as this Government is concerned, every step of the slightest importance has been made public by its Executive, and every step taken in France has there been made public by the proper officials.

The Congress took the action it did take after the most minute and exhaustive examination and discussion, and the Executive carried out

the direction of the Congress to the letter. Every act of this Government, every act for which this Government had the slightest responsibility, was in pursuance of the act of the Congress here, and following out the decree of the Civil Tribunal of the Seine in France.

Furthermore, through the entirely voluntary act of Mr. Cromwell, I am now able to present to you full information as to these actions in France with which this Government did not have any concern, and which are set forth in the accompanying papers.

It may be well to recall that the New Panama Canal Company of France did not itself propose or fix the figure $40,000,000 as the valuation of the canal and railroad properties. That sum was first fixed by our Isthmian Canal Commission in its reports to the Congress after two years of investigation and personal inspection of all the properties and work already done, whereby the properties and the work done were in detail appraised at that sum as their value to the United States. The French company steadily refused for over two years to make any offer whatever in answer to the many written requests of the Isthmian Canal Commission; and when its president did approach the question of price, it was on the basis of $109,000,000. Later, under conditions not necessary now to rehearse, the company, by cable, accepted the appraisement of $40,000,000 made by our Commission. This Government, therefore, acquired all the properties and concessions, both of canal and railroad, at its own valuation and price, the Congress approving the price, and authorizing the expenditure of the money, after the most exhaustive examination and discussion.

I transmit herewith lists of the documents in the possession of the Department of State, the Department of Justice, and the Department of War, so that, if the Congress sees fit, it may direct that they be printed. They are, and always have been, open to the examination of any Member of the Congress. There is no object in printing them, but there is also no objection to printing them, save that it is a useless expense.

I also transmit a list of the documents furnished by Mr. Cromwell.

THEODORE ROOSEVELT.

SPECIAL MESSAGE.

THE WHITE HOUSE, December 17, 1908.

To the Senate and House of Representatives:

The rapid increase of population in the national capital within recent years has greatly altered social conditions, necessitating changes in the machinery of its administration. Greater efficiency and a better

provision for the protection of both the industrial and dependent classes are required.

Recognizing these needs, I have had a special report made to me on the affairs of the District of Columbia, which I transmit herewith. I cordially approve the recommendations in the report for the substitution of a single head or governor in place of three commissioners, the establishment of district or municipal departments in place of the existing bureaus, and the creation of a new department to be known as that of housing and labor. I ask your careful consideration of the entire report. Mr. Reynolds has rendered a great and disinterested service, for which our heartiest thanks are due him.

A single executive head would increase efficiency, determine responsibility, and eliminate delays and uncertainties inevitable under the present system. Municipal departments headed by commissioners to be appointed by the governor would yield the same advantage.

In the proposed scheme of reorganization the department of education should be coördinated with other city departments.

I especially urge that the proposed department of housing and labor be established. Poverty, disease, and crime are largely due to defects of social conditions and surroundings. The need of improved sanitary inspection of dwellings, rear alleys, and small shacks (such as, unhappily, still exist in Washington), and of stores, workshops, and factories should not be left to subordinate bureau chiefs, but should be brought under the direct control of a competent head of the above-named department.

An equally important public responsibility is the protection of the independent industrial class, which neither desires nor accepts charity, but whose members have often been led to misfortune, and even crime, through agencies licensed by the state, but defectively and inadequately supervised. Notable among these are pawnshops, loan and industrial insurance companies, and employment agencies. The supervision of these agencies is at present limited to the police. They should be under the direction of officials qualified to advance their efficiency and economic service to the public.

The above-named changes would vastly improve the efficiency of the District government, and would afford protection to its industrial and dependent classes which is imperatively needed.

I also transmit for the consideration of the Congress reports of the Committee on Building of Model Houses, which was appointed in accordance with the recommendation of Mr. Reynolds.

THEODORE ROOSEVELT.

SPECIAL MESSAGE.

THE WHITE HOUSE, February 15, 1909.

To the Senate and House of Representatives:

On January 25-26, 1909, there assembled in this city, on my invitation, a conference on the care of dependent children. To this conference there came from nearly every State in the Union men and women actively engaged in the care of dependent children, and they represented all the leading religious bodies.

The subject considered is one of high importance to the well-being of the nation. The Census Bureau reported in 1904 that there were in orphanages and children's homes about 93,000 dependent children. There are probably 50,000 more (the precise number never having been ascertained) in private homes, either on board or in adopted homes provided by the generosity of foster parents. In addition to these there were 25,000 children in institutions for juvenile delinquents.

Each of these children represents either a potential addition to the productive capacity and the enlightened citizenship of the nation, or, if allowed to suffer from neglect, a potential addition to the destructive forces of the community. The ranks of criminals and other enemies of society are recruited in an altogether undue proportion from children bereft of their natural homes and left without sufficient care.

The interests of the nation are involved in the welfare of this army of children no less than in our great material affairs.

Notwithstanding a wide diversity of views and methods represented in the conference, and notwithstanding the varying legislative enactments and policies of the States from which the members came, the conference, at the close of its sessions, unanimously adopted a series of declarations expressing the conclusions which they had reached. These constitute a wise, constructive, and progressive programme of child-caring work. If given full effect by the proper agencies, existing methods and practices in almost every community would be profoundly and advantageously modified.

More significant even than the contents of the declarations is the fact that they were adopted without dissenting vote and with every demonstration of hearty approval on the part of all present. They constitute a standard of accepted opinion by which each community should measure the adequacy of its existing methods and to which each community should seek to conform its legislation and its practice.

The keynote of the conference was expressed in these words:

> Home life is the highest and finest product of civilization. Children should not be deprived of it except for urgent and compelling reasons.

Surely poverty alone should not disrupt the home. Parents of good character suffering from temporary misfortune, and above all deserving mothers fairly well able to work but deprived of the support of the normal breadwinner, should be given such aid as may be necessary to enable them to maintain suitable homes for the rearing of their children. The widowed or deserted mother, if a good woman, willing to work and to do her best, should ordinarily be helped in such fashion as will enable her to bring up her children herself in their natural home. Children from unfit homes, and children who have no homes, who must be cared for by charitable agencies, should, so far as practicable, be cared for in families.

I transmit herewith for your information a copy of the conclusions reached by the conference, of which the following is a brief summary:

1. *Home care.*—Children of worthy parents or deserving mothers should, as a rule, be kept with their parents at home.
2. *Preventive work.*—The effort should be made to eradicate causes of dependency, such as disease and accident, and to substitute compensation and insurance for relief.
3. *Home finding.*—Homeless and neglected children, if normal, should be cared for in families, when practicable.
4. *Cottage system.*—Institutions should be on the cottage plan with small units, as far as possible.
5. *Incorporation.*—Agencies caring for dependent children should be incorporated, on approval of a suitable state board.
6. *State inspection.*—The State should inspect the work of all agencies which care for dependent children.
7. *Inspection of educational work.*—Educational work of institutions and agencies caring for dependent children should be supervised by state educational authorities.
8. *Facts and records.*—Complete histories of dependent children and their parents, based upon personal investigation and supervision, should be recorded for guidance of child-caring agencies.
9. *Physical care.*—Every needy child should receive the best medical and surgical attention, and be instructed in health and hygiene.
10. *Coöperation.*—Local child-caring agencies should coöperate and establish joint bureaus of information.
11. *Undesirable legislation.*—Prohibitive legislation against transfer of dependent children between States should be repealed.
12. *Permanent organization.*—A permanent organization for work along the lines of these resolutions is desirable.
13. *Federal children's bureau.*—Establishment of a federal children's bureau is desirable, and enactment of pending bill is earnestly recommended.
14. Suggests special message to Congress favoring federal children's bureau and other legislation applying above principles to District of Columbia and other federal territory.

While it is recognized that these conclusions can be given their fullest effect only by the action of the several States or communities concerned, or of their charitable agencies, the conference requested

me, in section 14 of the conclusions, to send to you a message recommending federal action.

There are pending in both Houses of Congress bills for the establishment of a children's bureau, *i. e.,* Senate bill No. 8323 and House bill No. 24148. These provide for a children's bureau in the Department of the Interior, which

shall investigate and report upon all matters pertaining to the welfare of children and child life, and shall especially investigate the questions of infant mortality, the birth rate, physical degeneracy, orphanage, juvenile delinquency and juvenile courts, desertion and illegitimacy, dangerous occupations, accidents and diseases of children of the working classes, employment, legislation affecting children in the several States and Territories, and such other facts as have a bearing upon the health, efficiency, character, and training of children.

One of the needs felt most acutely by the conference was that of accurate information concerning these questions relating to childhood. The National Government not only has the unquestioned right of research in such vital matters, but is the only agency which can effectively conduct such general inquiries as are needed for the benefit of all our citizens. In accordance with the unanimous request of the conference, I therefore most heartily urge your favorable action on these measures.

It is not only discreditable to us as a people that there is now no recognized and authoritative source of information upon these subjects relating to child life, but in the absence of such information as should be supplied by the Federal Government many abuses have gone unchecked; for public sentiment, with its great corrective power, can only be aroused by full knowledge of the facts. In addition to such information as the Census Bureau and other existing agencies of the Federal Government already provide, there remains much to be ascertained through lines of research not now authorized by law; and there should be correlation and dissemination of the knowledge obtained without any duplication of effort or interference with what is already being done. There are few things more vital to the welfare of the nation than accurate and dependable knowledge of the best methods of dealing with children, especially with those who are in one way or another handicapped by misfortune; and in the absence of such knowledge each community is left to work out its own problem without being able to learn of and profit by the success or failure of other communities along the same lines of endeavor. The bills for the establishment of the children's bureau are advocated not only by this conference, but by a large number of national organizations that are disinterestedly working for the welfare of children, and also by philanthropic, educational, and religious bodies in all parts of the country.

I further urge that such legislation be enacted as may be necessary in order to bring the laws and practices in regard to the care of dependent children in all federal territory into harmony with the other conclusions reached by the conference.

LEGISLATION FOR THE DISTRICT OF COLUMBIA.

Congress took a step in the direction of the conclusions of this conference in 1893, when, on the recommendation of the late Amos G. Warner, then superintendent of charities for the District of Columbia, the Board of Children's Guardians was created, with authority, among other things, to place children in family homes. That board has made commendable progress, and its work should be strengthened and extended.

I recommend legislation for the District of Columbia in accordance with the fifth, sixth, seventh, and eighth sections of the conclusions of the conference, as follows:

1. That the approval of the Board of Charities be required for the incorporation of all child-caring agencies, as well as amendments of the charter of any benevolent corporation which includes child-caring work, and that other than duly incorporated agencies be forbidden to engage in the care of needy children. This legislation is needed in order to insure the fitness and responsibility of those who propose to undertake the care of helpless children. Such laws have long been in satisfactory operation in several of the larger States of the Union.

2. That the Board of Charities, through its duly authorized agents, shall inspect the work of all agencies which care for dependent children, whether by institutional or by home-finding methods, and whether supported by public or private funds. The State has always jealously guarded the interests of children whose parents have been able to leave them property by requiring the appointment of a guardian, under bond, accountable directly to the courts, even though there be a competent surviving parent. Surely the interests of the child who is not only an orphan but penniless ought to be no less sacred than those of the more fortunate orphan who inherits property. If the protection of the Government is necessary in the one case, it is even more necessary in the other. If we are to require that only incorporated institutions shall be allowed to engage in this responsible work, it is necessary to provide for public inspection, lest the State should become the unconscious partner of those who either from ignorance or inefficiency are unsuited to deal with the problem.

3. That the education of children in orphan asylums and other similar institutions in the District of Columbia be under the supervision of the board of education, in order that these children may enjoy educational advantages equal to those of the other children. Normal school life comes next to normal home life in the process of securing the fullest development of the child.

4. That all agencies engaged in child-caring work in the District of Columbia be required by law to adopt adequate methods of investigation and make permanent records relative to children under their care, and to exercise faithful personal supervision over their wards until legally adopted or otherwise clearly beyond the need of further supervision; the forms and methods of such investigation, records, and supervision to be prescribed and enforced by the Board of Charities.

I deem such legislation as is herein recommended not only important for the welfare of the children immediately concerned, but important as setting an example of a high standard of child protection by the National Government to the several States of the Union, which should be able to look to the nation for leadership in such matters.

I herewith transmit a copy of the full text of the proceedings.

THEODORE ROOSEVELT.

SPECIAL MESSAGE.

THE WHITE HOUSE, January 23, 1907.

To the Senate and House of Representatives:

I call your attention to the great desirability of enacting legislation to help American shipping and American trade by encouraging the building and running of lines of large and swift steamers to South America and the Orient.

The urgent need of our country's making an effort to do something like its share of its own carrying trade on the ocean has been called to our attention in striking fashion by the experiences of Secretary Root on his recent South American tour. The result of these experiences he has set forth in his address before the Trans-Mississippi Commercial Congress, at Kansas City, Mo., on November 20 last, an address so important that it deserves the careful study of all public men.

The facts set forth by Mr. Root are striking, and they can not but arrest the attention of our people. The great continent to the south of us, which should be knit to us by the closest commercial ties, is hardly in direct commercial communication with us at all, its commercial relations being almost exclusively with Europe. Between all the principal South American ports and Europe lines of swift and commodious steamers, subsidized by their home governments, ply regularly. There is no such line of steamers between these ports and the United States. In consequence, our shipping in South American ports is almost a negligible quantity; for instance, in the year ending June 30, 1905, there entered the port of Rio de Janeiro over 3,000 steamers and sailing vessels from Europe, but from the United States no steamers and only seven sailing vessels, two of which were in distress. One

prime reason for this state of things is the fact that those who now do business on the sea do business in a world not of natural competition, but of subsidized competition. State aid to steamship lines is as much a part of the commercial system of to-day as State employment of consuls to promote business. Our commercial competitors in Europe pay in the aggregate some twenty-five millions a year to their steamship lines—Great Britain paying nearly seven millions. Japan pays between three and four millions. By the proposed legislation the United States will still pay relatively less than any one of our competitors pay. Three years ago the Trans-Mississippi Congress formally set forth as axiomatic the statement that every ship is a missionary of trade, that steamship lines work for their own countries just as railroad lines work for their terminal points, and that it is as absurd for the United States to depend upon foreign ships to distribute its products as it would be for a department store to depend upon wagons of a competing house to deliver its goods. This statement is the literal truth.

Moreover, it must be remembered that American ships do not have to contend merely against the subsidization of their foreign competitors. The higher wages and the greater cost of maintenance of American officers and crews make it almost impossible for our people who do business on the ocean to compete on equal terms with foreign ships unless they are protected somewhat as their fellow-countrymen who do business on land are protected. We can not as a country afford to have the wages and the manner of life of our seamen cut down; and the only alternative, if we are to have seamen at all, is to offset the expense by giving some advantage to the ship itself.

The proposed law which has been introduced in Congress is in no sense experimental. It is based on the best and most successful precedents, as, for instance, on the recent Cunard contract with the British Government. As far as South America is concerned, its aim is to provide from the Atlantic and Pacific coasts better American lines to the great ports of South America than the present European lines. The South American Republics now see only our warships. Under this bill our trade friendship will be made evident to them. The bill proposes to build large-sized steamers of 16-knot speed. There are nearly 200 such steamships already in the world's foreign trade, and over three-fourths of them now draw subsidies—postal or admiralty or both. The bill will encourage our shipyards, which are almost as necessary to the national defense as battleships, and the efficiency of which depends in large measure upon their steady employment in large construction. The proposed bill is of importance to our Navy, because it gives a considerable fleet of auxiliary steamships, such as is now almost wholly lacking, and also provides for an effective naval reserve.

The bill provides for 14 steamships, subsidized to the extent of over a million and a half, from the Atlantic coast, all to run to South American ports. It provides on the Pacific coast for 22 steamers subsidized to the extent of two millions and a quarter, some of these to run to South America, most of them to Manila, Australia, and Asia. Be it remembered that while the ships will be owned on the coasts, the cargoes will largely be supplied by the interior, and that the bill will benefit the Mississippi Valley as much as it benefits the seaboard.

I have laid stress upon the benefit to be expected from our trade with South America. The lines to the Orient are also of vital importance. The commercial possibilities of the Pacific are unlimited, and for national reasons it is imperative that we should have direct and adequate communication by American lines with Hawaii and the Philippines. The existence of our present steamship lines on the Pacific is seriously threatened by the foreign subsidized lines. Our communications with the markets of Asia and with our own possessions in the Philippines, no less than our communications with Australia, should depend not upon foreign, but upon our own steamships. The Southwest and the Northwest should alike be served by these lines, and if this is done they will also give to the Mississippi Valley throughout its entire length the advantage of all trans-continental railways running to the Pacific coast. To fail to establish adequate lines on the Pacific is equivalent to proclaiming to the world that we have neither the ability nor the disposition to contend for our rightful share of the commerce of the Orient; nor yet to protect our interests in the Philippines. It would surely be discreditable for us to surrender to our commercial rivals the great commerce of the Orient, the great commerce we should have with South America, and even our own communications with Hawaii and the Philippines.

I earnestly hope for the enactment of some law like the bill in question.

THEODORE ROOSEVELT.

SPECIAL MESSAGE.

THE WHITE HOUSE, December 18, 1906.

To the Senate and House of Representatives:

I inclose herewith for your information the final report made to me personally by Secretary Metcalf on the situation affecting the Japanese in San Francisco. The report deals with three matters of controversy —first, the exclusion of the Japanese children from the San Francisco schools; second, the boycotting of Japanese restaurants, and third, acts of violence committed against the Japanese.

As to the first matter I call your especial attention to the very small number of Japanese children who attend school, to the testimony as to the brightness, cleanliness, and good behavior of these Japanese children in the schools, and to the fact that, owing to their being scattered throughout the city, the requirements for them all to go to one special school is impossible of fulfillment, and means that they can not have school facilities. Let me point out further that there would be no objection whatever to excluding from the schools any Japanese on the score of age. It is obviously not desirable that young men should go to school with children. The only point is the exclusion of the children themselves. The number of Japanese children attending the public schools in San Francisco was very small. The Government has already directed that suit be brought to test the constitutionality of the act in question, but my very earnest hope is that such suit will not be necessary, and that as a matter of comity the citizens of San Francisco will refuse to deprive these young Japanese children of education and will permit them to go to the schools.

The question as to the violence against the Japanese is most admirably put by Secretary Metcalf, and I have nothing to add to his statement. I am entirely confident that, as Secretary Metcalf says, the overwhelming sentiment of the State of California is for law and order and for the protection of the Japanese in their persons and property. Both the chief of police and the acting mayor of San Francisco assured Secretary Metcalf that everything possible would be done to protect the Japanese in the city. I authorized and directed Secretary Metcalf to state that if there was failure to protect persons and property, then the entire power of the Federal Government within the limits of the Constitution would be used promptly and vigorously to enforce the observance of our treaty, the supreme law of the land, which treaty guaranteed to Japanese residents everywhere in the Union full and perfect protection for their persons and property; and to this end everything in my power would be done, and all the forces of the United States, both civil and military, which I could lawfully employ, would be employed. I call especial attention to the concluding sentence of Secretary Metcalf's report of November 26, 1906.

THEODORE ROOSEVELT.

SPECIAL MESSAGE.

THE WHITE HOUSE, January 8, 1906.

To the Senate and House of Representatives:

I transmit herewith a report by the Secretary of State resubmitting the claim, which was not acted upon by the Fifty-eighth Congress, of

Messrs. Sivewright, Bacon & Co., for damages sustained by their vessel, the British steamship *Eastry,* in consequence of collisions at Manila in June, 1901, with certain coal hulks belonging to this Government.

I renew the recommendation which I made to the Congress on January 19, 1903, that, as an act of equity and comity, provision be made for reimbursement to the firm of the money expended by it in making the repairs to the ship which the collisions rendered necessary.

THEODORE ROOSEVELT.

William Howard Taft

March 4, 1909, to March 4, 1913

Messages, Proclamations, Executive Orders, and Communications to Congress

SEE ENCYCLOPEDIC INDEX.

The Encyclopedic Index is not only an index to the other volumes, not only a key that unlocks the treasures of the entire publication, but it is in itself an alphabetically arranged brief history or story of the great controlling events constituting the History of the United States.

Under its proper alphabetical classification the story is told of every great subject referred to by any of the Presidents in their official Messages, and at the end of each article the official utterances of the Presidents themselves are cited upon the subject, so that you may readily turn to the page in the body of the work itself for this original information.

Next to the possession of knowledge is the ability to turn at will to where knowledge is to be found.

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William Howard Taft

William Howard Taft, of Cincinnati, Ohio, was born in Cincinnati, Hamilton County, Ohio, September 15, 1857; was graduated in 1874 from Woodward High School; graduated from Yale University in 1878; graduated in law from Cincinnati College in 1880, in which year he was admitted to the bar of the Supreme Court of Ohio; appointed assistant prosecuting attorney in 1881; resigned in 1882 to become collector of internal revenue, first district of Ohio, under President Arthur; resigned collectorship in 1883 to enter the practice of law; in 1887 was appointed by Governor Foraker Judge of the Superior Court of Cincinnati; resigned in 1890 to become Solicitor-General of the United States under appointment of President Harrison; resigned in 1892 to become United States Circuit Judge for the Sixth Judicial Circuit; in 1896 became professor and dean of the law department of the University of Cincinnati; resigned in 1900 the circuit judgeship and deanship to become, by appointment of President McKinley, president of the United States Philippine Commission; in 1901, by appointment of President McKinley, became first Civil Governor of the Philippine Islands; was appointed Secretary of War by President Roosevelt February 1, 1904.

Nominated at Chicago on June 18, 1908, as Republican candidate for the Presidency, and was elected at the Presidential election following.

On the 10th of February, 1909, by a joint session of the Senate and the House of Representatives, the electoral vote was counted, which resulted in 321 votes for W. H. Taft and 162 votes for W. J. Bryan, giving Mr. Taft a majority of 159 votes.

He was duly inaugurated President of the United States on March 4, 1909.

INAUGURAL ADDRESS

March 4, 1909.

My Fellow Citizens:

Anyone who has taken the oath I have just taken must feel a heavy weight of responsibility. If not, he has no conception of the powers and duties of the office upon which he is about to enter, or he is lacking in a proper sense of the obligation which the oath imposes.

The office of an inaugural address is to give a summary outline of the main policies of the new administration, so far as they can be anticipated. I have had the honor to be one of the advisers of my distinguished predecessor, and, as such, to hold up his hands in the reforms he has initiated. I should be untrue to myself, to my promises, and to the declarations of the party platform upon which I was elected to office, if I did not make the maintenance and enforcement of those reforms a most important feature of my administration. They were directed to the suppression of the lawlessness and abuses of power of the great combinations of capital invested in railroads and in industrial enterprises carrying on interstate commerce. The steps which my predecessor took and the legislation passed on his recommendation have accomplished much, have caused a general halt in the vicious policies which created popular alarm, and have brought about in the business affected a much higher regard for existing law.

To render the reforms lasting, however, and to secure at the same time freedom from alarm on the part of those pursuing proper and progressive business methods, further legislative and executive action are needed. Relief of the railroads from certain restrictions of the antitrust law have been urged by my predecessor and will be urged by me. On the other hand, the administration is pledged to legislation looking to a proper federal supervision and restriction to prevent excessive issues of bonds and stocks by companies owning and operating interstate-commerce railroads.

Then, too, a reorganization of the Department of Justice, of the Bureau of Corporations in the Department of Commerce and Labor, and of the Interstate Commerce Commission, looking to effective cooperation of these agencies, is needed to secure a more rapid and certain enforcement of the laws affecting interstate railroads and industrial combinations.

I hope to be able to submit at the first regular session of the incoming Congress, in December next, definite suggestions in respect to the needed amendments to the antitrust and the interstate commerce law and the changes required in the executive departments concerned in their enforcement.

It is believed that with the changes to be recommended American business can be assured of that measure of stability and certainty in respect to those things that may be done and those that are prohibited which is essential to the life and growth of all business. Such a plan must include the right of the people to avail themselves of those methods of combining capital and effort deemed necessary to reach the highest degree of economic efficiency, at the same time differentiating between combinations based upon legitimate economic reasons and those formed with the intent of creating monopolies and artificially controlling prices.

The work of formulating into practical shape such changes is creative work of the highest order, and requires all the deliberation possible in the interval. I believe that the amendments to be proposed are just as necessary in the protection of legitimate business as in the clinching of the reforms which properly bear the name of my predecessor.

A matter of most pressing importance is the revision of the tariff. In accordance with the promises of the platform upon which I was elected, I shall call Congress into extra session to meet on the 15th day of March, in order that consideration may be at once given to a bill revising the Dingley Act. This should secure an adequate revenue and adjust the duties in such a manner as to afford to labor and to all industries in this country, whether of the farm, mine or factory, protection by tariff equal to the difference between the cost of production abroad and the cost of production here, and have a provision which shall put into force, upon executive determination of certain facts, a higher or maximum tariff against those countries whose trade policy toward us equitably requires such discrimination. It is thought that there has been such a change in conditions since the enactment of the Dingley Act, drafted on a similarly protective principle, that the measure of the tariff above stated will permit the reduction of rates in certain schedules and will require the advancement of few, if any.

The proposal to revise the tariff made in such an authoritative way as to lead the business community to count upon it necessarily halts all those branches of business directly affected; and as these are most important, it disturbs the whole business of the country. It is imperatively necessary, therefore, that a tariff bill be drawn in good faith in accordance with promises made before the election by the party in power, and as promptly passed as due consideration will permit. It is not that the tariff is more important in the long run than the perfecting of the reforms in respect to antitrust legislation and interstate commerce regulation, but the need for action when the revision of the tariff has been determined upon is more immediate to avoid embarrassment of business. To secure the needed speed in the passage of the tariff bill, it would seem wise to attempt no other legislation at the extra session. I venture this as a suggestion only, for the course to

be taken by Congress, upon the call of the Executive, is wholly within its discretion.

In the making of a tariff bill the prime motive is taxation and the securing thereby of a revenue. Due largely to the business depression which followed the financial panic of 1907, the revenue from customs and other sources has decreased to such an extent that the expenditures for the current fiscal year will exceed the receipts by $100,000,000. It is imperative that such a deficit shall not continue, and the framers of the tariff bill must, of course, have in mind the total revenues likely to be produced by it and so arrange the duties as to secure an adequate income. Should it be impossible to do so by import duties, new kinds of taxation must be adopted, and among these I recommend a graduated inheritance tax as correct in principle and as certain and easy of collection.

The obligation on the part of those responsible for the expenditures made to carry on the Government, to be as economical as possible, and to make the burden of taxation as light as possible, is plain, and should be affirmed in every declaration of government policy. This is especially true when we are face to face with a heavy deficit. But when the desire to win the popular approval leads to the cutting off of expenditures really needed to make the Government effective and to enable it to accomplish its proper objects, the result is as much to be condemned as the waste of government funds in unnecessary expenditure. The scope of a modern government in what it can and ought to accomplish for its people has been widened far beyond the principles laid down by the old "laissez faire" school of political writers, and this widening has met popular approval.

In the Department of Agriculture the use of scientific experiments on a large scale and the spread of information derived from them for the improvement of general agriculture must go on.

The importance of supervising business of great railways and industrial combinations and the necessary investigation and prosecution of unlawful business methods are another necessary tax upon Government which did not exist half a century ago.

The putting into force of laws which shall secure the conservation of our resources, so far as they may be within the jurisdiction of the Federal Government, including the most important work of saving and restoring our forests and the great improvement of waterways, are all proper government functions which must involve large expenditure if properly performed. While some of them, like the reclamation of arid lands, are made to pay for themselves, others are of such an indirect benefit that this cannot be expected of them. A permanent improvement, like the Panama Canal, should be treated as a distinct enterprise, and should be paid for by the proceeds of bonds, the issue of which will distribute its cost between the present and

future generations in accordance with the benefits derived. It may well be submitted to the serious consideration of Congress whether the deepening and control of the channel of a great river system, like that of the Ohio or of the Mississippi, when definite and practical plans for the enterprise have been approved and determined upon, should not be provided for in the same way.

Then, too, there are expenditures of Government absolutely necessary if our country is to maintain its proper place among the nations of the world, and is to exercise its proper influence in defense of its own trade interests in the maintenance of traditional American policy against the colonization of European monarchies in this hemisphere, and in the promotion of peace and international morality. I refer to the cost of maintaining a proper army, a proper navy, and suitable fortifications upon the mainland of the United States and in its dependencies.

We should have an army so organized and so officered as to be capable in time of emergency, in cooperation with the national militia and under the provisions of a proper national volunteer law, rapidly to expand into a force sufficient to resist all probable invasion from abroad and to furnish a respectable expeditionary force if necessary in the maintenance of our traditional American policy which bears the name of President Monroe.

Our fortifications are yet in a state of only partial completeness, and the number of men to man them is insufficient. In a few years however, the usual annual appropriations for our coast defenses, both on the mainland and in the dependencies, will make them sufficient to resist all direct attack, and by that time we may hope that the men to man them will be provided as a necessary adjunct. The distance of our shores from Europe and Asia of course reduces the necessity for maintaining under arms a great army, but it does not take away the requirement of mere prudence—that we should have an army sufficiently large and so constituted as to form a nucleus out of which a suitable force can quickly grow.

What has been said of the army may be affirmed in even a more emphatic way of the navy. A modern navy can not be improvised. It must be built and in existence when the emergency arises which calls for its use and operation. My distinguished predecessor has in many speeches and messages set out with great force and striking language the necessity for maintaining a strong navy commensurate with the coast line, the governmental resources, and the foreign trade of our Nation; and I wish to reiterate all the reasons which he has presented in favor of the policy of maintaining a strong navy as the best conservator of our peace with other nations, and the best means of securing respect for the assertion of our rights, the defense of our interests, and the exercise of our influence in international matters.

Our international policy is always to promote peace. We shall enter into any war with a full consciousness of the awful consequences that it always entails, whether successful or not, and we, of course, shall make every effort consistent with national honor and the highest national interest to avoid a resort to arms. We favor every instrumentality, like that of the Hague Tribunal and arbitration treaties made with a view to its use in all international controversies, in order to maintain peace and to avoid war. But we should be blind to existing conditions and should allow ourselves to become foolish idealists if we did not realize that, with all the nations of the world armed and prepared for war, we must be ourselves in a similar condition, in order to prevent other nations from taking advantage of us and of our inability to defend our interests and assert our rights with a strong hand.

In the international controversies that are likely to arise in the Orient growing out of the question of the open door and other issues the United States can maintain her interests intact and can secure respect for her just demands. She will not be able to do so, however, if it is understood that she never intends to back up her assertion of right and her defense of her interest by anything but mere verbal protest and diplomatic note. For these reasons the expenses of the army and navy and of coast defenses should always be considered as something which the Government must pay for, and they should not be cut off through mere consideration of economy. Our Government is able to afford a suitable army and a suitable navy. It may maintain them without the slightest danger to the Republic or the cause of free institutions, and fear of additional taxation ought not to change a proper policy in this regard.

The policy of the United States in the Spanish war and since has given it a position of influence among the nations that it never had before, and should be constantly exerted to securing to its bona fide citizens, whether native or naturalized, respect for them as such in foreign countries. We should make every effort to prevent humiliating and degrading prohibition against any of our citizens wishing temporarily to sojourn in foreign countries because of race or religion.

The admission of Asiatic immigrants who cannot be amalgamated with our population has been made the subject either of prohibitory clauses in our treaties and statutes or of strict administrative regulation secured by diplomatic negotiation. I sincerely hope that we may continue to minimize the evils likely to arise from such immigration without unnecessary friction and by mutual concessions between self-respecting governments. Meantime we must take every precaution to prevent, or failing that, to punish outbursts of race feeling among our people against foreigners of whatever nationality who have by our

grant a treaty right to pursue lawful business here and to be protected against lawless assault or injury.

This leads me to point out a serious defect in the present federal jurisdiction, which ought to be remedied at once. Having assured to other countries by treaty the protection of our laws for such of their subjects or citizens as we permit to come within our jurisdiction, we now leave to a state or a city, not under the control of the Federal Government, the duty of performing our international obligations in this respect. By proper legislation we may, and ought to, place in the hands of the Federal Executive the means of enforcing the treaty rights of such aliens in the courts of the Federal Government. It puts our Government in a pusillanimous position to make definite engagements to protect aliens and then to excuse the failure to perform those engagements by an explanation that the duty to keep them is in States or cities, not within our control. If we would promise we must put ourselves in a position to perform our promise. We cannot permit the possible failure of justice, due to local prejudice in any State or municipal government, to expose us to the risk of a war which might be avoided if federal jurisdiction was asserted by suitable legislation by Congress and carried out by proper proceedings instituted by the Executive in the courts of the National Government.

One of the reforms to be carried out during the incoming administration is a change of our monetary and banking laws, so as to secure greater elasticity in the forms of currency available for trade and to prevent the limitations of law from operating to increase the embarrassment of a financial panic. The monetary commission, lately appointed, is giving full consideration to existing conditions and to all proposed remedies, and will doubtless suggest one that will meet the requirements of business and of public interest.

We may hope that the report will embody neither the narrow view of those who believe that the sole purpose of the new system should be to secure a large return on banking capital or of those who would have greater expansion of currency with little regard to provisions for its immediate redemption or ultimate security. There is no subject of economic discussion so intricate and so likely to evoke differing views and dogmatic statements as this one. The commission, in studying the general influence of currency on business and of business on currency, have wisely extended their investigations in European banking and monetary methods. The information that they have derived from such experts as they have found abroad will undoubtedly be found helpful in the solution of the difficult problem they have in hand.

The incoming Congress should promptly fulfill the promise of the Republican platform and pass a proper postal savings bank bill. It will not be unwise or excessive paternalism. The promise to repay by the

Government will furnish an inducement to savings deposits which private enterprise can not supply and at such a low rate of interest as not to withdraw custom from existing banks. It will substantially increase the funds available for investment as capital in useful enterprises. It will furnish absolute security which makes the proposed scheme of government guaranty of deposits so alluring, without its pernicious results.

I sincerely hope that the incoming Congress will be alive, as it should be, to the importance of our foreign trade and of encouraging it in every way feasible. The possibility of increasing this trade in the Orient, in the Philippines, and in South America are known to everyone who has given the matter attention. The direct effect of free trade between this country and the Philippines will be marked upon our sales of cottons, agricultural machinery, and other manufactures. The necessity of the establishment of direct lines of steamers between North and South America has been brought to the attention of Congress by my predecessor and by Mr. Root before and after his noteworthy visit to that continent, and I sincerely hope that Congress may be induced to see the wisdom of a tentative effort to establish such lines by the use of mail subsidies.

The importance of the part which the Departments of Agriculture and of Commerce and Labor may play in ridding the markets of Europe of prohibitions and discriminations against the importation of our products is fully understood, and it is hoped that the use of the maximum and minimum feature of our tariff law to be soon passed will be effective to remove many of those restrictions.

The Panama Canal will have a most important bearing upon the trade between the eastern and the far western sections of our country, and will greatly increase the facilities for transportation between the eastern and the western seaboard, and may possibly revolutionize the transcontinental rates with respect to bulky merchandise. It will also have a most beneficial effect to increase the trade between the eastern seaboard of the United States and the western coast of South America, and, indeed, with some of the important ports on the east coast of South America reached by rail from the west coast.

The work on the canal is making most satisfactory progress. The type of the canal as a lock canal was fixed by Congress after a full consideration of the conflicting reports of the majority and minority of the consulting board, and after the recommendation of the War Department and the Executive upon those reports. Recent suggestion that something had occurred on the Isthmus to make the lock type of the canal less feasible than it was supposed to be when the reports were made and the policy determined on led to a visit to the Isthmus of a board of competent engineers to examine the Gatun dam and locks, which are the key of the lock type. The report of that board

shows nothing has occurred in the nature of newly revealed evidence which should change the views once formed in the original discussion. The construction will go on under a most effective organization controlled by Colonel Goethals and his fellow army engineers associated with him, and will certainly be completed early in the next administration, if not before.

Some type of canal must be constructed. The lock type has been selected. We are all in favor of having it built as promptly as possible. We must not now, therefore, keep up a fire in the rear of the agents whom we have authorized to do our work on the Isthmus. We must hold up their hands, and speaking for the incoming administration I wish to say that I propose to devote all the energy possible and under my control to pushing of this work on the plans which have been adopted, and to stand behind the men who are doing faithful, hard work to bring about the early completion of this, the greatest constructive enterprise of modern times.

The governments of our dependencies in Porto Rico and the Philippines are progressing as favorably as could be desired. The prosperity of Porto Rico continues unabated. The business conditions in the Philippines are not all that we could wish them to be, but with the passage of the new tariff bill permitting free trade between the United States and the archipelago, with such limitations on sugar and tobacco as shall prevent injury to domestic interests in those products, we can count on an improvement in business conditions in the Philippines and the development of a mutually profitable trade between this country and the islands. Meantime our Government in each dependency is upholding the traditions of civil liberty and increasing popular control which might be expected under American auspices. The work which we are doing there redounds to our credit as a nation.

I look forward with hope to increasing the already good feeling between the South and the other sections of the country. My chief purpose is not to effect a change in the electoral vote of the Southern States. That is a secondary consideration. What I look forward to is an increase in the tolerance of political views of all kinds and their advocacy throughout the South, and the existence of a respectable political opposition in every State; even more than this, to an increased feeling on the part of all the people in the South that this Government is their Government, and that its officers in their states are their officers.

The consideration of this question can not, however, be complete and full without reference to the negro race, its progress and its present condition. The thirteenth amendment secured them freedom; the fourteenth amendment due process of law, protection of property, and the pursuit of happiness; and the fifteenth amendment at-

tempted to secure the negro against any deprivation of the privilege to vote because he was a negro. The thirteenth and fourteenth amendments have been generally enforced and have secured the objects for which they are intended. While the fifteenth amendment has not been generally observed in the past, it ought to be observed, and the tendency of Southern legislation today is toward the enactment of electoral qualifications which shall square with that amendment. Of course, the mere adoption of a constitutional law is only one step in the right direction. It must be fairly and justly enforced as well. In time both will come. Hence it is clear to all that the domination of an ignorant, irresponsible element can be prevented by constitutional laws which shall exclude from voting both negroes and whites not having education or other qualifications thought to be necessary for a proper electorate. The danger of the control of an ignorant electorate has therefore passed. With this change, the interest which many of the Southern white citizens take in the welfare of the negroes has increased. The colored men must base their hope on the results of their own industry, self-restraint, thrift, and business success, as well as upon the aid and comfort and sympathy which they may receive from their white neighbors of the South.

There was a time when Northerners who sympathized with the negro in his necessary struggle for better conditions sought to give him the suffrage as a protection to enforce its exercise against the prevailing sentiment of the South. The movement proved to be a failure. What remains is the fifteenth amendment to the Constitution and the right to have statutes of States specifying qualifications for electors subjected to the test of compliance with that amendment. This is a great protection to the negro. It never will be repealed, and it never ought to be repealed. If it had not passed, it might be difficult now to adopt it; but with it in our fundamental law, the policy of Southern legislation must and will tend to obey it, and so long as the statutes of the States meet the test of this amendment and are not otherwise in conflict with the Constitution and laws of the United States, it is not the disposition or within the province of the Federal Government to interfere with the regulation by Southern States of their domestic affairs. There is in the South a stronger feeling than ever among the intelligent well-to-do, and influential element in favor of the industrial education of the negro and the encouragement of the race to make themselves useful members of the community. The progress which the negro has made in the last fifty years, from slavery, when its statistics are reviewed, is marvelous, and it furnishes every reason to hope that in the next twenty-five years a still greater improvement in his condition as a productive member of society, on the farm, and in the shop, and in other occupations may come.

The negroes are now Americans. Their ancestors came here years ago against their will, and this is their only country and their only flag. They have shown themselves anxious to live for it and to die for it. Encountering the race feeling against them, subjected at times to cruel injustice growing out of it, they may well have our profound sympathy and aid in the struggle they are making. We are charged with the sacred duty of making their path as smooth and easy as we can. Any recognition of their distinguished men, any appointment to office from among their number, is properly taken as an encouragement and an appreciation of their progress, and this just policy should be pursued when suitable occasion offers.

But it may well admit of doubt whether, in the case of any race, an appointment of one of their number to a local office in a community in which the race feeling is so widespread and acute as to interfere with the ease and facility with which the local government business can be done by the appointee is of sufficient benefit by way of encouragement to the race to outweigh the recurrence and increase of race feeling which such an appointment is likely to engender. Therefore the Executive, in recognizing the negro race by appointments, must exercise a careful discretion not thereby to do it more harm than good. On the other hand, we must be careful not to encourage the mere pretense of race feeling manufactured in the interest of individual political ambition.

Personally, I have not the slightest race prejudice or feeling, and recognition of its existence only awakens in my heart a deeper sympathy for those who have to bear it or suffer from it, and I question the wisdom of a policy which is likely to increase it. Meantime, if nothing is done to prevent it, a better feeling between the negroes and the whites in the South will continue to grow, and more and more of the white people will come to realize that the future of the South is to be much benefitted by the industrial and intellectual progress of the negro. The exercise of political franchises by those of this race who are intelligent and well to do will be acquiesced in, and the right to vote will be withheld only from the ignorant and irresponsible of both races.

There is one other matter to which I shall refer. It was made the subject of great controversy during the election and calls for at least a passing reference now. My distinguished predecessor has given much attention to the cause of labor, with whose struggle for better things he has shown the sincerest sympathy. At his instance Congress has passed the bill fixing the liability of interstate carriers to their employees for injury sustained in the course of employment, abolishing the rule of fellow-servant and the common-law rule as to contributory negligence, and substituting therefor the so-called rule of

"comparative negligence." It has also passed a law fixing the compensation of government employees for injuries sustained in the employ of the Government through the negligence of the superior. It has also passed a model child-labor law for the District of Columbia. In previous administrations an arbitration law for interstate commerce railroads and their employees, and laws for the application of safety devices to save the lives and limbs of employees of interstate railroads had been passed. Additional legislation of this kind was passed by the outgoing Congress.

I wish to say that in so far as I can I hope to promote the enactment of further legislation of this character. I am strongly convinced that the Government should make itself as responsible to employees injured in its employ as an interstate-railway corporation is made responsible by federal law to its employees; and I shall be glad, whenever any additional reasonable safety device can be invented to reduce the loss of life and limb among railway employees, to urge Congress to require its adoption by interstate railways.

Another labor question has arisen which has awakened the most excited discussion. That is in respect to the power of the federal courts to issue injunctions in industrial disputes. As to that, my convictions are fixed. Take away from the courts, if it could be taken away, the power to issue injunctions in labor disputes, and it would create a privileged class among the laborers and save the lawless among their number from a most needful remedy available to all men for the protection of their business against lawless invasion. The proposition that business is not a property or pecuniary right which can be protected by equitable injunction is utterly without foundation in precedent or reason. The proposition is usually linked with one to make the secondary boycott lawful. Such a proposition is at variance with the American instinct, and will find no support, in my judgment, when submitted to the American people. The secondary boycott is an instrument of tyranny, and ought not to be made legitimate.

The issue of a temporary restraining order without notice has in several instances been abused by its inconsiderate exercise, and to remedy this the platform upon which I was elected recommends the formulation in a statute of the conditions under which such a temporary restraining order ought to issue. A statute can and ought to be framed to embody the best modern practice, and can bring the subject so closely to the attention of the court as to make abuses of the process unlikely in the future. The American people, if I understand them, insist that the authority of the courts shall be sustained, and are opposed to any change in the procedure by which the powers of a court may be weakened and the fearless and effective administration of justice be interfered with.

Having thus reviewed the questions likely to recur during my administration, and having expressed in a summary way the position which I expect to take in recommendations to Congress and in my conduct as an Executive, I invoke the considerate sympathy and support of my fellow-citizens and the aid of the Almighty God in the discharge of my responsible duties.

EXTRA SESSION MESSAGE

THE WHITE HOUSE, *March 16, 1909.*

To the Senate and House of Representatives:

I have convened the Congress in this extra session in order to enable it to give immediate consideration to the revision of the Dingley tariff act. Conditions affecting production, manufacture, and business generally have so changed in the last twelve years as to require a readjustment and revision of the import duties imposed by that act. More than this, the present tariff act, with the other sources of government revenue, does not furnish income enough to pay the authorized expenditures. By July 1 next the excess of expenses over receipts for the current fiscal year will equal $100,000,000.

The successful party in the late election is pledged to a revision of the tariff. The country, and the business community especially, expect it. The prospect of a change in the rates of import duties always causes a suspension or halt in business because of the uncertainty as to the changes to be made and their effect. It is therefore of the highest importance that the new bill should be agreed upon and passed with as much speed as possible consistent with its due and thorough consideration. For these reasons, I have deemed the present to be an extraordinary occasion within the meaning of the Constitution, justifying and requiring the calling of an extra session.

In my inaugural address I stated in a summary way the principles upon which, in my judgment, the revision of the tariff should proceed, and indicated at least one new source of revenue that might be properly resorted to in order to avoid a future deficit. It is not necessary for me to repeat what I then said.

I venture to suggest that the vital business interests of the country require that the attention of the Congress in this session be chiefly devoted to the consideration of the new tariff bill, and that the less time given to other subjects of legislation in this session, the better for the country.

WILLIAM H. TAFT.

SPECIAL MESSAGE

THE WHITE HOUSE, *April 14, 1909.*

To the Senate and House of Representatives:

I transmit herewith a communication from the Secretary of War, inclosing one from the Chief of the Bureau of Insular Affairs, in which is transmitted a proposed tariff revision law for the Philippine Islands.

This measure revises the present Philippine tariff, simplifies it, and makes it conform as nearly as possible to the regulations of the customs laws of the United States, especially with respect to packing and packages. The present Philippine regulations have been cumbersome and difficult for American merchants and exporters to comply with. Its purpose is to meet the new conditions that will arise under the section of the pending United States tariff bill which provides, with certain limitations, for free trade between the United States and the islands. It is drawn with a view to preserving to the islands as much customs revenue as possible, and to protect in a reasonable measure those industries which now exist in the islands.

The bill now transmitted has been drawn by a board of tariff experts, of which the insular collector of customs, Col. George R. Colton, was the president. The board held a great many open meetings in Manila, and conferred fully with representatives of all business interests in the Philippine Islands. It is of great importance to the welfare of the islands that the bill should be passed at the same time with the pending Payne bill, with special reference to the provisions of which it was prepared.

I respectfully recommend that this bill be enacted at the present session of Congress as one incidental to and required by the passage of the Payne bill.

WILLIAM H. TAFT.

THE WHITE HOUSE, *April 20, 1909.*

To the Senate:

I transmit herewith, for the information of the Senate in connection with the Senate's resolution of February 26, 1908, a report by the Secretary of State, with accompanying papers, showing the settlement of the controversies which existed with the Government of Venezuela with respect to the claims against that Government of the Orinoco Steamship Company; of the Orinoco Corporation and of its predecessors in interest, The Manoa Company (Limited), The Orinoco

Company, and The Orinoco Company (Limited); of the United States and Venezuela Company, also known as the Crichfield claim; of A. F. Jaurett; and of the New York and Bermudez Company.

WILLIAM H. TAFT.

[NOTE: This Message was accompanied by a letter from the Secretary of State, transmitting to the President a protocol of agreement between the United States and Venezuela, providing that the views on these claims entertained by the two countries being so diametrically opposed, they are bound by their treaties to submit the questions involved to the Hague Tribunal, the cases to be filed before October 13, 1909, counter cases to follow within four months thereafter, and, if necessary, argument before the arbitral tribunal may take place through representatives within sixty days after the date before which the counter cases must be filed.]

THE WHITE HOUSE, *May 10, 1909.*

To the Senate and House of Representatives:

An emergency has arisen in Porto Rico which makes it necessary for me to invite the attention of the Congress to the affairs of that island, and to recommend legislation at the present extra session amending the act under which the island is governed.

The regular session of the legislative assembly of Porto Rico adjourned March 11 last without passing the usual appropriation bills. A special session of the assembly was at once convened by the governor, but after three days, on March 16, it again adjourned without making the appropriations. This leaves the island government without provision for its support after June 30 next. The situation presented is, therefore, of unusual gravity.

The present government of Porto Rico was established by what is known as the Foraker Act, passed April 12, 1900, and taking effect May 1, 1900. Under that act the chief executive is a governor appointed by the President and confirmed by the Senate. A secretary, attorney-general, treasurer, auditor, commissioner of the interior, and commissioner of education, together with five other appointees of the President, constitute the executive council. The executive council must have in its membership not less than five native Porto Ricans. The legislative power is vested in the legislative assembly, which has two coordinate branches. The first of these is the executive council just described, and the second is the house of delegates, a popular and representative body, with members elected by the qualified electors of the seven districts into which the island is divided.

The statute directing how the expenses of government are to be provided leaves some doubt whether this function is not committed

solely to the executive council, but in practice the legislative assembly has made appropriations for all the expenses other than for salaries fixed by Congress, and it is too late to reverse that construction.

Ever since the institution of the present assembly, the house of delegates has uniformly held up the appropriation bills until the last minute of the regular session, and has sought to use the power to do so as a means of compelling the concurrence of the executive council in legislation which the house desired.

In the last regular legislative assembly, the house of delegates passed a bill dividing the island into several counties and providing county governments; a bill to establish manual training schools; a bill for the establishment of an agricultural bank; a bill providing that vacancies in the offices of mayors and councilmen be filled by a vote of the municipal councils instead of by the governor, and a bill putting in the control of the largest taxpayers in each municipal district the selection in great part of the assessors of property.

The executive council declined to concur in these bills. It objected to the agricultural bank bill on the ground that the revenues of the island were not sufficient to carry out the plan proposed, and to the manual training school bill because in plain violation of the Foraker Act. It objected to the change in the law concerning the appraisement of property on the ground that the law was intended to put too much power, in respect of the appraisement of property for taxation, in the hands of those having the most property to tax. The chief issue was a bill making all the judges in municipalities elective. Under previous legislation there are 26 municipal judges who are elected to office. By this bill it was proposed to increase the elective judges from 26 to 66 in number, and at the same time to abolish the justices of the peace. The change was objected to on the ground that the election of municipal judges had already interfered with the efficient and impartial administration of justice, had made the judges all of one political faith and mere political instruments in the hands of the central committee of the Unionist or dominant party. The attitude of the executive council in refusing to pass these bills led the house of delegates to refuse to pass the necessary appropriation bills.

The facts recited demonstrate the willingness of the representatives of the people in the house of delegates to subvert the government in order to secure the passage of certain legislation. The question whether the proposed legislation should be enacted into law was left by the fundamental act to the joint action of the executive council and the house of delegates as the legislative assembly. The house of delegates proposes itself to secure this legislation without respect to the opposition of the executive council, or else to pull

down the whole government. This spirit, which has been growing from year to year in Porto Rico, shows that too great power has been vested in the house of delegates and that its members are not sufficiently alive to their oath-taken responsibility, for the maintenance of the government, to justify Congress in further reposing in them absolute power to withhold appropriations necessary for the government's life.

For these reasons I recommend an amendment to the Foraker Act providing that whenever the legislative assembly shall adjourn without making the appropriations necessary to carry on the government, sums equal to the appropriations made in the previous year for the respective purposes shall be available from the current revenues and shall be drawn by the warrant of the auditor on the treasurer and countersigned by the governor. Such a provision applies to the legislatures of the Philippines and Hawaii, and it has prevented in those two countries any misuse of the power of appropriation.

The house of delegates sent a committee of three to Washington, while the executive council was represented by the secretary and a committee consisting of the attorney-general and the auditor. I referred both committees to the Secretary of the Interior, whose report, with a letter from Governor Post, and the written statements of both committees, accompany this message.

I have had one personal interview with the committee representing the house of delegates and suggested to them that if the house of delegates would pass the appropriation bill without insisting upon the passage of the other bills by the executive council, I would send a representative of the Government to Porto Rico to make an investigation and report in respect to the proposed legislation. Their answer, which shows them not to be in a compromising mood, was as follows:

"If the legislative assembly of Porto Rico would be called to an extraordinary session exclusively to pass an appropriation bill, taking into consideration the state of affairs down the island and the high dissatisfaction produced by the intolerant attitude of the executive council, and also taking into consideration the absolute resistance of the house to do any act against its own dignity and the dignity of the country, it is the opinion of these commissioners that no agreement would be attained unless the council feel disposed to accept the amendments of the house of delegates.

"However, if in the proclamation calling for an extraordinary session the judicial and municipal reforms would be mentioned, and if the executive council would accept that the present justices of the peace be abolished and municipal judges created in every municipality, and that vacancies occurring in mayorships and judgeships be filled by the municipal councils, as provided in the so-called "municipal bills" passed by the house in its last session, then the commissioners

believe that the appropriation bills will be passed in the house as introduced in the council without delay."

Porto Rico has been the favored daughter of the United States. The sovereignty of the island in 1899 passed to the United States with the full consent of the people of the island.

Under the law all the customs and internal-revenue taxes are turned into the treasury of Porto Rico for the maintenance of the island government, while the United States pays out of its own Treasury the cost of the local army—i. e., a full Porto Rican regiment—the revenue vessels, the light-house service, the coast surveys, the harbor improvements, the marine-hospital support, the post-office deficit, the weather bureau, and the upkeep of the agricultural experiment stations.

Very soon after the change of sovereignty a cyclone destroyed a large part of Porto Rican coffee culture; $200,000 was expended from the United States Treasury to buy rations for those left in distress. The island is policed by 700 men, and complete tranquillity reigns.

Before American control 87 per cent of the Porto Ricans were unable to read or write, and there was not in this island, containing a million people, a single building constructed for public instruction, while the enrollment of pupils in such schools as there were, 551 in number, was but 21,000. To-day in the island there are 160 such buildings, and the enrollment of pupils in 2,400 schools has reached the number of 87,000. The year before American sovereignty there was expended $35,000 in gold for public education. Under the present government there is expended for this purpose a total of a million dollars a year.

When the Americans took control there were 172 miles of macadamized road. Since then there have been constructed 452 miles more, mostly in the mountains, making in all now a total of 624 miles of finely planned and admirably constructed macadamized roads—as good roads as there are in the world.

In the course of the administration of this island, the United States medical authorities discovered a disease of tropical anæmia which was epidemic and was produced by a microbe called the "hook worm." It so much impaired the energy of those who suffered from it, and so often led to complete prostration and death, that it became necessary to undertake its cure by widespread governmental effort. I am glad to say that 225,000 natives, or one-fourth of the entire population, have been treated at government expense, and the effect has been much to reduce the extent and severity of the disease and to bring it under control. Substantially every person in the island has been vaccinated and smallpox has practically disappeared.

There is complete free trade between Porto Rico and the United

States, and all customs duties collected in the United States on Porto Rican products subsequent to the date of Spanish evacuation, amounting to nearly $3,000,000, have been refunded to the island treasury. The loss to the revenues of the United States from the free admission of Porto Rican products is $15,000,000 annually. The wealth of the island is directly dependent upon the cultivation of the soil, to cane, tobacco, coffee, and fruit, for which we in America provide the market. Without our fostering benevolence the business of Porto Rico would be as prostrate as are some of the neighboring West Indian islands. Before American control the trade balance against the island was over $12,500,000, while the present balance of trade in favor of the island is $2,500,000. The total of exports and imports has increased from about $22,000,000 before American sovereignty to $56,000,000 at the present day. At the date of the American occupation the estimated value of all agricultural land was about $30,000,000. Now the appraised value of the real property in the island reaches $100,000,000. The expenses of government before American control were $2,969,000, while the receipts were $3,644,000. For the year 1906 the receipts were $4,250,000, and the expenditures were $4,084,000. Of the civil servants in the central government, 343 are Americans and 2,548 are native Porto Ricans. There never was a time in the history of the island when the average prosperity of the Porto Rican has been higher, when his opportunity has been greater, when his liberty of thought and action was more secure.

Representatives of the house of delegates insist in their appeals to Congress and to the public that from the standpoint of a free people the Porto Ricans are now subjected under American control to political oppression and to a much less liberal government than under that of Spain. To prove this they refer to the provisions of a royal decree of 1897, promulgated in November of that year. The decree related to the government of Porto Rico and Cuba and was undoubtedly a great step forward in granting a certain sort of autonomy to the people of the two islands. The war followed within a few months after its promulgation, and it is impossible to say what its practical operation would have been. It was a tentative arrangement, revocable at the pleasure of the Crown, and had, in its provisions, authority for the governor-general to suspend all of the laws of the legislature of the islands until approved or disapproved at home, and to suspend at will all constitutional guaranties of life, liberty, and property, supposed to be the basis of civil liberty and free institutions. The insular legislature had no power to enact new laws or to amend existing laws governing property rights or the life and liberty of the people. The jurisdiction to pass these remained in the hands of the National Cortes and included the mass of code laws governing the

descent and distribution and transfer of property and contracts, and torts, land laws, notarial laws, laws of waters and mines, penal statutes, civil, criminal, and administrative procedure, organic laws of the municipalities, election laws, the code of commerce, etc.

In contrast with this, under its present form of government the island legislature possesses practically all the powers of an American commonwealth, and the constitutional guaranties of its inhabitants, instead of being subject to suspension by executive discretion, are absolutely guaranteed by act of Congress. The great body of substantive law now in force in the island—political, civil, and criminal code, codes of political, civil, and criminal procedure, the revenue, municipal, electoral, franchise, educational, police, and public works laws, and the like—has been enacted by the people of the island themselves, as no law can be put upon the statute books unless it has received the approval of the representative lower house of the legislature. In no single case has the Congress of the United States intervened to annul or control acts of the legislative assembly. For the first time in the history of Porto Rico the island is living under laws enacted by its own legislature.

It is idle, however, to compare political power of the Porto Ricans under the royal decree of 1897, when their capacity to exercise it with benefit to themselves was never in fact tested, with that which they have under the Foraker Act. The question we have before us is whether their course since the adoption of the Foraker Act does not show the necessity for withholding from them the absolute power given by that act to the legislative assembly over appropriations, when the house of delegates, as a coordinate branch of that assembly, shows itself willing and anxious to use such absolute power, not to support and maintain the government, but to render it helpless. If the Porto Ricans desire a change in the form of the Foraker Act, this is a matter for congressional consideration dependent on the effect of such a change on the real political progress in the island.

Such a change should be sought in an orderly way and not brought to the attention of Congress by paralyzing the arm of the existing government. I do not doubt that the terms of the existing fundamental act might be improved, certainly in qualifying some of its provisions as to the respective jurdisdictions of the executive council and the legislative assembly; and I suggest to Congress the wisdom of submitting to the appropriate committees this question of revision. But no action of this kind should be begun until after, by special amendment of the Foraker Act, the absolute power of appropriation is taken away from those who have shown themselves too irresponsible to enjoy it.

In the desire of certain of their leaders for political power Porto

Ricans have forgotten the generosity of the United States in its dealings with them. This should not be an occasion for surprise, nor in dealing with a whole people can it be made the basis of a charge of ingratitude. When we, with the consent of the people of Porto Rico, assumed guardianship over them and the guidance of their destinies, we must have been conscious that a people that had enjoyed so little opportunity for education could not be expected safely for themselves to exercise the full power of self-government; and the present development is only an indication that we have gone somewhat too fast in the extension of political power to them for their own good.

The change recommended may not immediately convince those controlling the house of delegates of the mistake they have made in the extremity to which they have been willing to resort for political purposes, but in the long run it will secure more careful and responsible exercise of the power they have.

There is not the slightest evidence that there has been on the part of the governor or of any member of the executive council a disposition to usurp authority, or to withhold approval of such legislation as was for the best interests of the island, or a lack of sympathy with the best aspirations of the Porto Rican people.

WILLIAM H. TAFT.

[NOTE: This Message was accompanied by a letter from the Secretary of the Interior, in which he stated that, the differences between the two branches of Government being fundamental and irreconcilable, he would recommend that a person be commissioned to visit the island and investigate the fitness of the people for exercising a more popular form of government. He also recommended that the organic act of Porto Rico be changed so that, as in the Philippine and Hawaiian Islands, when a deadlock occurs and the State is threatened with paralysis, an appropriation equal to the last preceding appropriation shall automatically issue for the maintenance of government until the legislature shall have acted.

Other accompanying papers (statements by Governor Regis H. Post and the representatives of the Council and the Legislature) set forth the facts as given in full by the President.]

THE WHITE HOUSE, *May 28, 1909.*

To the Senate:

In response to the resolution of the Senate dated May 25, 1909, requesting the President, if not incompatible in his judgment with the public interest, to transmit to the Senate the statement of the German Government, or its officers, in relation to the wages paid to German workmen, for the use of the Senate in connection with its consideration of the pending tariff bill, I transmit herewith a letter from the Secretary of State stating that all the information on this

subject which has been received from the German Government has been transmitted by the Department of State to the Committee on Finance of the Senate for use in the consideration of the pending tariff bill.

WILLIAM H. TAFT.

THE WHITE HOUSE, *May 28, 1909.*

To the Senate:

In further response to the resolution adopted by the Senate on the 25th instant, requesting the President, if not incompatible in his judgment with the public interests, to transmit to the Senate the statement of the German Government or its officers in relation to the wages paid to German workmen, I transmit herewith the documents furnished by the German Government on the subject, which this day were returned by the Committee on Finance of the Senate to the Department of State.

The attention of the Senate is invited to the statement in the accompanying report of the Acting Secretary of State that these documents were obtained upon the understanding that the names of manufacturers were to be held confidential and that the information furnished will not be made the basis of administrative action.

WILLIAM H. TAFT.

[NOTE: This Message was accompanied by a statement from the German Government controverting representations made to the Congressional Committees on Tariff Revision by interested American manufacturers regarding the cost of production and wages paid by German manufacturers of chemicals, pottery, glass, metals, jewelry, watches, sugar, cotton goods, textiles, worsted, carpets, wool, paper, printed articles, brushes, shoes, leather, matches, and ammunition. According to this German statement, the cost of production of their articles and the wages paid by them were grossly misrepresented.]

SPECIAL MESSAGE

THE WHITE HOUSE, *June 5, 1909.*

To the Senate and House of Representatives:

I have the honor to transmit herewith a communication from the Acting Secretary of War, under date of May 8, submitting the report, with accompanying exhibits, of Hon. Charles E. Magoon, provisional governor of Cuba, for the period from December 1, 1908, to January 28, 1909, when the provisional

government was terminated and the island again turned over to the Cubans. I recommend, in accordance with the suggestion of the Acting Secretary of War, that this report and the exhibits be printed.

I think it only proper to take this opportunity to say that the administration by Governor Magoon of the government of Cuba from 1906 to 1909 involved the disposition and settlement of many very difficult questions and required on his part the exercise of ability and tact of the highest order. It gives me much pleasure to note in this public record the credit due to Governor Magoon for his distinguished service.

The army of Cuban pacification under Major-General Barry was of the utmost assistance in the preservation of the peace of the island and the maintenance of law and order, without the slightest friction with the inhabitants of the island, although the army was widely distributed through the six provinces and came into close contact with the people.

The administration of Governor Magoon and the laws recommended by the advisory commission, with Colonel Crowder, of the Judge-Advocate-General's Corps at its head, and put into force by the governor, have greatly facilitated the progress of good government in Cuba. At a fair election held under the advisory commission's new election law, General Gomez was chosen President and he has begun his administration under good auspices. I am glad to express the hope that the new government will grow in strength and self-sustaining capacity under the provisions of the Cuban constitution.

WILLIAM H. TAFT.

THE WHITE HOUSE, *June 16, 1909.*

To the Senate and House of Representatives:

It is the constitutional duty of the President from time to time to recommend to the consideration of Congress such measures as he shall judge necessary and expedient. In my inaugural address immediately preceding this present extraordinary session of Congress, I invited attention to the necessity for a revision of the tariff at this session, and stated the principles upon which I thought the revision should be effected. I referred to the then rapidly increasing deficit, and pointed out the obligation on the part of the framers of the tariff bill to arrange the duty so as to secure an adequate income, and suggested that if it was not possible to do so by import duties, new kinds of taxation must be adopted, and among

them I recommended a graduated inheritance tax as correct in principle and as certain and easy of collection. The House of Representatives has adopted the suggestion and has provided in the bill it passed for the collection of such a tax. In the Senate the action of its Finance Committee and the course of the debate indicate that it may not agree to this provision, and it is now proposed to make up the deficit by the imposition of a general income tax, in form and substance of almost exactly the same character as that which in the case of Pollock *v.* Farmers' Loan and Trust Company (157 U. S., 429) was held by the Supreme Court to be a direct tax, and therefore not within the power of the Federal Government to impose unless apportioned among the several States according to population. This new proposal, which I did not discuss in my inaugural address or in my message at the opening of the present session, makes it appropriate for me to submit to the Congress certain additional recommendations.

The decision of the Supreme Court in the income-tax cases deprived the National Government of a power which, by reason of previous decisions of the court, it was generally supposed that Government had. It is undoubtedly a power the National Government ought to have. It might be indispensable to the nation's life in great crises. Although I have not considered a constitutional amendment as necessary to the exercise of certain phases of this power, a mature consideration has satisfied me that an amendment is the only proper course for its establishment to its full extent. I therefore recommend to the Congress that both Houses, by a two-thirds vote, shall propose an amendment to the Constitution conferring the power to levy an income tax upon the National Government without apportionment among the States in proportion to population.

This course is much to be preferred to the one proposed of reenacting a law once judicially declared to be unconstitutional. For the Congress to assume that the court will reverse itself, and to enact legislation on such an assumption, will not strengthen popular confidence in the stability of judicial construction of the Constitution. It is much wiser policy to accept the decision and remedy the defect by amendment in due and regular course.

Again, it is clear that by the enactment of the proposed law, the Congress will not be bringing money into the Treasury to meet the present deficiency, but by putting on the statute book a law already there and never repealed, will simply be suggesting to the executive officers of the Government their possible duty to invoke litigation. If the court should maintain its former view, no tax would be collected at all. If it should ultimately reverse itself, still no taxes would have been collected until after protracted delay.

It is said the difficulty and delay in securing the approval of three-fourths of the States will destroy all chance of adopting the amendment. Of course, no one can speak with certainty upon this point, but I have become convinced that a great majority of the people of this country are in favor of vesting the National Government with power to levy an income tax, and that they will secure the adoption of the amendment in the States, if proposed to them.

Second, the decision in the Pollock case left power in the National Government to levy an excise tax which accomplishes the same purpose as a corporation income tax, and is free from certain objections urged to the proposed income-tax measure.

I therefore recommend an amendment to the tariff bill imposing upon all corporations and joint stock companies for profit, except national banks (otherwise taxed), savings banks, and building and loan associations, an excise tax measured by 2 per cent. on the net income of such corporations. This is an excise tax upon the privilege of doing business as an artificial entity and of freedom from a general partnership liability enjoyed by those who own the stock.

I am informed that a 2 per cent. tax of this character would bring into the Treasury of the United States not less than $25,000,000.

The decision of the Supreme Court in the case of Spreckels Sugar Refining Company against McClain (192 U. S., 397) seems clearly to establish the principle that such a tax as this is an excise tax upon privilege and not a direct tax on property, and is within the federal power without apportionment according to population. The tax on net income is preferable to one proportionate to a percentage of the gross receipts, because it is a tax upon success and not failure. It imposes a burden at the source of the income at a time when the corporation is well able to pay and when collection is easy.

Another merit of this tax is the federal supervision which must be exercised in order to make the law effective over the annual accounts and business transactions of all corporations. While the faculty of assuming a corporate form has been of the utmost utility in the business world, it is also true that substantially all of the abuses and all of the evils which have aroused the public to the necessity of reform were made possible by the use of this very faculty. If now, by a perfectly legitimate and effective system of taxation we are incidentally able to possess the Government and the stockholders and the public of the knowledge of the real business transactions and the gains and profits of every corporation in the country, we have made a long step toward that supervisory control of corporations which may prevent a further abuse of power.

I recommend, then, first, the adoption of a joint resolution by two-thirds of both Houses proposing to the States an amendment to

the Constitution granting to the Federal Government the right to levy and collect an income tax without apportionment among the States according to population, and, second, the enactment, as part of the pending revenue measure, either as a substitute for, or in addition to, the inheritance tax, of an excise tax upon all corporations measured by 2 per cent. of their net income.

WILLIAM H. TAFT.

By the President of the United States of America.

A THANKSGIVING PROCLAMATION.

1909

The season of the year has returned when, in accordance with the reverent custom established by our forefathers, the people of the United States are wont to meet in their usual places of worship on a day of thanksgiving appointed by the Civil Magistrate to return thanks to God for the great mercies and benefits which they have enjoyed.

During the past year we have been highly blessed. No great calamities of flood or tempest or epidemic of sickness have befallen us. We have lived in quietness, undisturbed by war or threats of war. Peace and plenty of bounteous crops and of great industrial production animate a cheerful and resolute people to all the renewed energies of beneficent industry and material and moral progress. It is altogether fitting that we should humbly and gratefully acknowledge the Divine source of these blessings.

Therefore, I hereby appoint Thursday, the twenty-fifth day of November, as a day of general thanksgiving, and I call upon the people on that day, laying aside their usual vocations, to repair to their churches and unite in appropriate services of praise and thanks to Almighty God.

In witness whereof, I have hereunto put my hand and caused the seal of the United States to be affixed.

Done at the city of Washington this fifteenth day of November, in the year of our Lord, one thousand nine
[SEAL.] hundred and nine, and of the Independence of the United States the one hundred and thirty-fourth.

WILLIAM H. TAFT.

By the President:

P. C. KNOX, *Secretary of State.*

THE WHITE HOUSE, *July 29, 1909.*

To the Senate and House of Representatives:

I transmit for the information of the Congress a report by the Secretary of State, with accompanying correspondence, touching the condition of affairs in the Kongo.

WILLIAM H. TAFT.

[NOTE: This Message was accompanied by a copy of correspondence between the United States and its foreign representatives in London, Belgium, and the Kongo Free State, showing the attitude of the United States and Great Britain toward annexation by Belgium of the Free State, and also showing the views expressed by British, Belgian, and American officials with regard to the condition of the natives and the character of trade prior to the annexation. With regard to the former three American consular officials, after tours of inspection at different times during 1907–8, reported in substance that "the tendency of this system is to brutalize rather than civilize"; that the natives were virtually enslaved by the State under the pretense of conscription as rubber-gatherers; that, having performed his conscript service, the native's bondage was indefinitely prolonged by means of taxes payable in rubber; and that factory labor was procured by underweighing tax-rubber and sentencing the alleged delinquent to jail. With regard to trade, they characterized the Government as a monopoly protected from competition in every conceivable way by the laws of the country. The profits obtained by its European owners were secret, but the evils inflicted upon the country and the inhumanities practised on the natives were all too evident.

The Belgian officials denied the existence of any conditions either as regards trade or as regards the natives which could be rightfully construed as violating the Berlin act whereby freedom of trade was decreed, slavery abolished, and measures provided for the protection of the native. The British officials expressed views concurrent with those of the American consuls. American acquiescence as to annexation was shown to be conditioned upon reform in the Kongo.]

ADDRESS ON THE TARIFF LAW OF 1909.

BY PRESIDENT TAFT AT WINONA, MINN., SEPTEMBER 17, 1909.

MY FELLOW CITIZENS: As long ago as August, 1906, in the congressional campaign in Maine, I ventured to announce that I was a tariff revisionist and thought that the time had come for a readjustment of the schedules. I pointed out that it had been ten years prior to that time that the Dingley bill had been passed; that great changes had taken place in the conditions surrounding the productions of the farm, the factory, and the mine, and that under the theory of protection in that time the rates imposed in the Dingley bill in many instances

might have become excessive; that is, might have been greater than the difference between the cost of production abroad and the cost of production at home with a sufficient allowance for a reasonable rate of profit to the American producer. I said that the party was divided on the issue, but that in my judgment the opinion of the party was crystallizing and would probably result in the near future in an effort to make such revision. I pointed out the difficulty that there always was in a revision of the tariff, due to the threatened disturbance of industries to be affected and the suspension of business, in a way which made it unwise to have too many revisions. In the summer of 1907 my position on the tariff was challenged, and I then entered into a somewhat fuller discussion of the matter. It was contended by the so-called "standpatters" that rates beyond the necessary measure of protection were not objectionable, because behind the tariff wall competition always reduced the prices, and thus saved the consumer. But I pointed out in that speech what seems to me as true to-day as it then was, that the danger of excessive rates was in the temptation they created to form monopolies in the protected articles, and thus to take advantage of the excessive rates by increasing the prices, and therefore, and in order to avoid such a danger, it was wise at regular intervals to examine the question of what the effect of the rates had been upon the industries in this country, and whether the conditions with respect to the cost of production here had so changed as to warrant a reduction in the tariff, and to make a lower rate truly protective of the industry.

It will be observed that the object of the revision under such a statement was not to destroy protected industries in this country, but it was to continue to protect them where lower rates offered a sufficient protection to prevent injury by foreign competition. That was the object of the revision as advocated by me, and it was certainly the object of the revision as promised in the Republican platform.

I want to make as clear as I can this proposition, because, in order to determine whether a bill is a compliance with the terms of that platform, it must be understood what the platform means. A free trader is opposed to any protected rate because he thinks that our manufacturers, our farmers, and our miners ought to withstand the competition of foreign manufacturers and miners and farmers, or else go out of business and find something else more profitable to do. Now, certainly the promises of the platform did not contemplate the downward revision of the tariff rates to such a point that any industry theretofore protected should be injured. Hence, those who contend that the promise of the platform was to reduce prices by letting in foreign competition are contending for a free trade, and not for anything that they had the right to infer from the Republican platform.

The Ways and Means Committee of the House, with Mr. Payne at its head, spent a full year in an investigation, assembling evidence in reference to the rates under the tariff, and devoted an immense amount of work in the study of the question where the tariff rates could be reduced and where they ought to be raised with a view to maintaining a reasonably protective rate, under the principles of the platform, for every industry that deserved protection. They found that the determination of the question, what was the actual cost of production and whether an industry in this country could live under a certain rate and withstand threatened competition from abroad, was most difficult. The manufacturers were prone to exaggerate the injury which a reduction in the duty would give and to magnify the amount of duty that was needed; while the importers, on the other hand, who were interested in developing the importation from foreign shores, were quite likely to be equally biased on the other side.

Mr. Payne reported a bill—the Payne Tariff bill—which went to the Senate and was amended in the Senate by increasing the duty on some things and decreasing it on others. The difference between the House bill and the Senate bill was very much less than the newspapers represented. It turns out upon examination that the reductions in the Senate were about equal to those in the House, though they differed in character. Now, there is nothing quite so difficult as the discussion of a tariff bill, for the reason that it covers so many different items, and the meaning of the terms and the percentages are very hard to understand. The passage of a new bill, especially where a change in the method of assessing the duties has been followed, presents an opportunity for various modes and calculations of the percentages of increases and decreases that are most misleading and really throw no light at all upon the changes made.

One way of stating what was done is to say what the facts show—that under the Dingley law there were 2,024 items. This included dutiable items only. The Payne law leaves 1,150 of these items unchanged. There are decreases in 654 of the items and increases in 220 of the items. Now, of course, that does not give a full picture, but it does show the proportion of decreases to have been three times those of the increases. Again, the schedules are divided into letters from A to N. The first schedule is that of chemicals, oils, etc. There are 232 items in the Dingley law; of these, 81 were decreased, 22 were increased, leaving 129 unchanged. Under Schedule B—earths, earthen ware and glass ware—there were 170 items in the Dingley law; 46 were decreased, 12 were increased, and 112 left unchanged. C is the schedule of metals and manufactures. There were 321 items in the Dingley law; 185 were decreased, 30 were increased, and 106 were left unchanged. D is the schedule of wood and manufactures of wood.

There were 35 items in the Dingley law; 18 were decreased, 3 were increased, and 14 were left unchanged. There were 38 items in sugar, and of these 2 were decreased and 36 left unchanged. Schedule F covers tobacco and manufactures of tobacco, of which there were 8 items; they were all left unchanged. In the schedule covering agricultural products and provisions there were 187 items in the Dingley law; 14 of them were decreased, 19 were increased, and 154 left unchanged. Schedule H—that of spirits and wines—contained 33 items in the Dingley law; 4 were decreased, 23 increased, and 6 left unchanged. In cotton manufactures there were 261 items; of these 28 were decreased, 47 increased, and 186 left unchanged. In Schedule J—flax, hemp, and jute—there were 254 items in the Dingley law; 187 were reduced, 4 were increased, and 63 left unchanged. In wool, and manufactures thereof, there were 78 items; 3 were decreased, none were increased, and 75 left unchanged. In silk and silk goods there were 78 items; of these, 21 were decreased, 31 were increased, and 26 were left unchanged. In pulp, papers, and books there were 59 items in the Dingley law, and of these 11 were decreased, 9 were increased, and 39 left unchanged. In sundries there were 270 items, and of these 54 were decreased, 20 were increased, and 196 left unchanged. So that the total showed 2,024 items in the Dingley law, of which 654 were decreased, 220 were increased, making 874 changes, and 1,150 left unchanged.

SCHEDULES.	Items in Dingley law.	Changes in Dingley law by Payne law.			Unchanged.
		Decreases.	Increases.	Total changes.	
A—Chemicals, oils, etc	232	81	22	103	129
B—Earths, earthen and glass ware	170	46	12	58	112
C—Metals, and manufactures of	321	185	30	215	106
D—Wood, and manufactures of	35	18	3	21	14
E—Sugar, molasses, and manufactures of	38	2	0	2	36
F—Tobacco, and manufactures of	8	0	0	0	8
G—Agricultural products and provisions	187	14	19	33	154
H—Spirits, wines, etc	33	4	23	27	6
I—Cotton manufactures	261	28	47	75	186
J—Flax, hemp, jute, manufactures of	254	187	4	191	63
K—Wool, and manufactures of	78	3	0	3	75
L—Silk and silk goods	78	21	31	52	26
M—Pulp, papers, and books	59	11	9	20	39
N—Sundries	270	54	20	74	196
Total	2,024	654	220	874	1,150

Attempts have been made to show what the real effect of these changes has been by comparing the imports under the various schedules, and assuming that the changes and their importance were in proportion to the importations. Nothing could be more unjust in a protective tariff which also contains revenue provisions. Some of the

tariff is made for the purpose of increasing the revenue by increasing importations which shall pay duty. Other items in the tariff are made for the purpose of reducing competition, that is, by reducing importations, and, therefore, the question of the importance of a change in rate can not in the slightest degree be determined by the amount of imports that take place. In order to determine the importance of the changes, it is much fairer to take the articles on which the rates of duty have been reduced and those on which the rates of duty have been increased, and then determine from statistics how large a part the articles upon which duties have been reduced play in the consumption of the country, and how large a part those upon which the duties have been increased play in the consumption of the country. Such a table has been prepared by Mr. Payne, than whom there is no one who understands better what the tariff is and who has given more attention to the details of the schedule.

Now, let us take Schedule A—chemicals, oils, and paints. The articles upon which the duty has been decreased are consumed in this country to the extent of $433,000,000. The articles upon which the duty has been increased are consumed in this country to the extent of $11,000,000. Take Schedule B. The articles on which the duty has been decreased entered in the consumption of the country to the amount of $128,000,000, and there has been no increase in duty on such articles. Take Schedule C—metals and their manufactures. The amount to which such articles enter into the consumption of the country is $1,221,000,000, whereas the articles of the same schedule upon which there has been an increase enter into the consumption of the country to the extent of only $37,000,000. Take Schedule D—lumber. The articles in this schedule upon which there has been a decrease enter into the consumption of the country to the extent of $566,000,000, whereas the articles under the same schedule upon which there has been an increase enter into its consumption to the extent of $31,000,000. In tobacco there has been no change. In agricultural products, those in which there has been a reduction of rates enter into the consumption of the country to the extent of $483,000,000; those in which there has been an increase enter into the consumption to the extent of $4,000,000. In the schedule of wines and liquors, the articles upon which there has been an increase, enter into the consumption of the country to the extent of $462,000,000. In cottons there has been a change in the higher-priced cottons and an increase. There has been no increase in the lower-priced cottons, and of the increases the high-priced cottons enter into the consumption of the country to the extent of $41,000,000. Schedule J—flax, hemp, and jute: The articles upon which there has been a decrease enter into the consumption of the country to the extent of $22,000,000, while those upon which there has

been an increase enter into the consumption to the extent of $804,000. In Schedule K as to wool, there has been no change. In Schedule L as to silk, the duty has been decreased on articles which enter into the consumption of the country to the extent of $8,000,000, and has been increased on articles that enter into the consumption of the country to the extent of $106,000,000. On paper and pulp the duty has been decreased on articles, including print paper, that enter into the consumption of the country to the extent of $67,000,000 and increased on articles that enter into the consumption of the country to the extent of $81,000,000. In sundries, or Schedule N, the duty has been decreased on articles that enter into the consumption of the country to the extent of $1,719,000,000; and increased on articles that enter into the consumption of the country to the extent of $101,000,000.

It will be found that in Schedule A the increases covered only luxuries—perfumes, pomades, and like articles; Schedule H—wines and liquors—which are certainly luxuries and are made subject to increase in order to increase the revenues, amounting to $462,000,000; and in Schedule L—silks—which are luxuries, certainly, $106,000,000, making a total of the consumption of those articles upon which there was an increase and which were luxuries of $579,000,000, leaving a balance of increase on articles which were not luxuries of value in consumption of only $272,000,000, as against $5,000,000,000, representing the amount of articles entering into the consumption of the country, mostly necessities, upon which there has been a reduction of duties, and to which the 650 decreases applied.

Statement.

Schedule.	Consumption value. Duties decreased.	Consumption value. Duties increased.
A—Chemicals, oils, and paints	$ 433,099,846	$11,105,820
B—Earths, earthenware, and glassware	128,423,732	.....
C—Metals, and manufactures of	1,221,956,620	37,675,804
D—Wood, and manufactures of	566,870,950	31,280,372
E—Sugar, molasses, and manufactures of	300,965,953	.....
F—Tobacco, and manufactures of (no change of rates)	.....	.....
G—Agricultural, products and provisions	483,430,637	4,380,043
H—Spirits, wines, and other beverages	.....	462,001,856
I—Cotton manufactures	.....	41,622,024
J—Flax, hemp, jute, and manufactures of	22,127,145	804,445
K—Wool and manufactures of wool. (No production statistics available for articles affected by changes of rates)	.....	.....
L—Silks, and silk goods	7,947,568	106,742,646
M—Pulp, papers, and books	67,628,055	81,486,466
N—Sundries	1,719,428,069	101,656,598
Total	$4,951,878,575	$878,756,074

Of the above increases the following are luxuries, being articles strictly of voluntary use:

THE INAUGURATION OF WILLIAM H. TAFT

THE ADMINISTRATION OF PRESIDENT TAFT

President Taft's record as a procurer of legislation is excellent. Without much noise or bluster he has carried many important measures through an indifferent, if not hostile, Congress. Ever since the tariff session of 1909, his own party has lacked cohesion; the will of the majority party was constantly in danger of being defeated by a combination of its mutinous members with the minority. Under such circumstances no measure could win merely on the strength of its being a party measure. The compulsion of public opinion was always necessary to procure action. The President fostered and led public opinion with remarkable success, by means of utterances in which partisan politics was conspicuous by its absence. In the case of the reciprocity measure the voting seems hardly to have been influenced by party considerations, Democrats having worked earnestly for its success, even though a Republican measure. The character of the President is esteemed by all sections and all parties, mainly because he has held the nation's welfare to be a worthier object of labor than personal and party success.

The Taft Administration is discussed, and its achievements recorded, in the article entitled "Taft, William H., Administration of," in the index (volume eleven), after which will be found citations of his official utterances on the leading topics of the day.

Schedule A. Chemicals, including perfumeries, pomades, and like articles	$11,105,820
Schedule H. Wines and liquors	462,001,856
Schedule L. Silks	106,742,646
Total	$579,850,322

This leaves a balance of increases which are not on articles of luxury of $298,905,752, as against decreases on about five billion dollars of consumption.

Now, this statement shows as conclusively as possible the fact that there was a substantial downward revision on articles entering into the general consumption of the country which can be termed necessities, for the proportion is $5,000,000,000, representing the consumption of articles to which decreases applied, to less than $300,000,000 of articles of necessity to which the increases applied.

Now, the promise of the Republican platform was not to revise everything downward, and in the speeches which have been taken as interpreting that platform, which I made in the campaign, I did not promise that everything should go downward. What I promised was, that there should be many decreases, and that in some few things increases would be found to be necessary; but that on the whole I conceived that the change of conditions would make the revision necessarily downward—and that, I contend, under the showing which I have made, has been the result of the Payne bill. I did not agree, nor did the Republican party agree, that we would reduce rates to such a point as to reduce prices by the introduction of foreign competition. That is what the free traders desire. That is what the revenue tariff reformers desire; but that is not what the Republican platform promised, and it is not what the Republican party wished to bring about. To repeat the statement with which I opened this speech, the proposition of the Republican party was to reduce rates so as to maintain a difference between the cost of production abroad and the cost of production here, insuring a reasonable profit to the manufacturer on all articles produced in this country; and the proposition to reduce rates and prevent their being excessive was to avoid the opportunity for monopoly and the suppression of competition, so that the excessive rates could be taken advantage of to force prices up.

Now, it is said that there was not a reduction in a number of the schedules where there should have been. It is said that there was no reduction in the cotton schedule. There was not. The House and the Senate took evidence and found from cotton manufacturers and from other sources that the rates upon the lower class of cottons were such as to enable them to make a decent profit—but only a decent profit—and they were contented with it; but that the rates on the higher grades of cotton cloth, by reason of court decisions, had been reduced so that

they were considerably below those of the cheaper grades of cotton cloth, and that by undervaluations and otherwise the whole cotton schedule had been made unjust and the various items were disproportionate in respect to the varying cloths. Hence, in the Senate a new system was introduced attempting to make the duties more specific rather than ad valorem, in order to prevent by judicial decision or otherwise a disproportionate and unequal operation of the schedule. Under this schedule it was contended that there had been a general rise of all the duties on cotton. This was vigorously denied by the experts of the Treasury Department. At last, the Senate in conference consented to a reduction amounting to about 10 per cent. on all the lower grades of cotton and thus reduced the lower grades substantially to the same rates as before and increased the higher grades to what they ought to be under the Dingley law and what they were intended to be. Now, I am not going into the question of evidence as to whether the cotton duties were too high and whether the difference between the cost of production abroad and at home, allowing only a reasonable profit to the manufacturer here, is less than the duties which are imposed under the Payne bill. It was a question of evidence which Congress passed upon, after they heard the statements of cotton manufacturers and such other evidence as they could avail themselves of. I agree that the method of taking evidence and the determination was made in a general way, and that there ought to be other methods of obtaining evidence and reaching a conclusion more satisfactory.

Criticism has also been made of the crockery schedule and the failure to reduce that. The question whether it ought to have been reduced or not was a question of evidence which both committees of Congress took up, and both concluded that the present rates on crockery were such as were needed to maintain the business in this country. I had been informed that the crockery schedule was not high enough, and mentioned that in one of my campaign speeches as a schedule probably where there ought to be some increases. It turned out that the difficulty was rather in undervaluations than in the character of the schedule itself, and so it was not changed. It is entirely possible to collect evidence to attack almost any of the schedules, but one story is good until another is told, and I have heard no reason for sustaining the contention that the crockery schedule is unduly high. So with respect to numerous details—items of not great importance—in which, upon what they regarded as sufficient evidence, the committee advanced the rates in order to save a business which was likely to be destroyed.

I have never known a subject that will evoke so much contradictory evidence as the question of tariff rates and the question of

cost of production at home and abroad. Take the subject of paper. A committee was appointed by Congress a year before the tariff sittings began, to determine what the difference was between the cost of production in Canada of print paper and the cost of production here, and they reported that they thought that a good bill would be one imposing $2 a ton on paper, rather than $6, the Dingley rate, provided that Canada could be induced to take off the export duties and remove the other obstacles to the importation of spruce wood in this country out of which wood pulp is made. An examination of the evidence satisfied Mr. Payne—I believe it satisfied some of the Republican dissenters—that $2, unless some change was made in the Canadian restrictions upon the exports of wood to this country, was much too low, and that $4 was only a fair measure of the difference between the cost of production here and in Canada. In other words, the $2 found by the special committee in the House was rather an invitation to Canada and the Canadian print-paper people to use their influence with their government to remove the wood restrictions by reducing the duty on print paper against Canadian print-paper mills. It was rather a suggestion of a diplomatic nature than a positive statement of the difference in actual cost of production under existing conditions between Canada and the United States.

There are other subjects which I might take up. The tariff on hides was taken off because it was thought that it was not necessary in view of the high price of cattle thus to protect the man who raised them, and that the duty imposed was likely to throw the control of the sale of hides into the hands of the meat packers in Chicago. In order to balance the reduction on hides, however, there was a great reduction in shoes, from 25 to 10 per cent.; on sole leather, from 20 to 5 per cent.; on harness, from 45 to 20 per cent. So there was a reduction in the duty on coal of 33⅓ per cent. All countervailing duties were removed from oil, naphtha, gasoline, and its refined products. Lumber was reduced from $2 to $1.25; and these all on articles of prime necessity. It is said that there might have been more. But there were many business interests in the South, in Maine, along the border, and especially in the far Northwest, which insisted that it would give great advantage to Canadian lumber if the reduction were made more than 75 cents. Mr. Pinchot, the Chief Forester, thought that it would tend to make better lumber in this country if a duty were retained on it. The lumber interests thought that $2 was none too much, but the reduction was made and the compromise effected. Personally I was in favor of free lumber, because I did not think that if the tariff was taken off there would be much suffering among the lumber interests. But in the controversy the House and Senate took a middle course, and who can say they were not justified.

With respect to the wool schedule, I agree that it probably represents considerably more than the difference between the cost of production abroad and the cost of production here. The difficulty about the woolen schedule is that there were two contending factions early in the history of Republican tariffs, to wit, woolgrowers and the woolen manufacturers, and that finally, many years ago, they settled on a basis by which wool in the grease should have 11 cents a pound, and by which allowance should be made for the shrinkage of the washed wool in the differential upon woolen manufactures. The percentage of duty was very heavy—quite beyond the difference in the cost of production, which was not then regarded as a necessary or proper limitation upon protective duties.

When it came to the question of reducing the duty at this hearing in the tariff bill on wool, Mr. Payne, in the House, and Mr. Aldrich, in the Senate, although both favored reduction in the schedule, found that in the Republican party the interests of the woolgrowers of the Far West and the interests of the woolen manufacturers in the East and in other States, reflected through their representatives in Congress, was sufficiently strong to defeat any attempt to change the woolen tariff, and that had it been attempted it would have beaten the bill reported from either committee. I am sorry this is so, and I could wish that it had been otherwise. It is the one important defect in the present Payne tariff bill and in the performance of the promise of the platform to reduce rates to a difference in the cost of production, with reasonable profit to the manufacturer. That it will increase the price of woolen cloth or clothes, I very much doubt. There have been increases by the natural product, but this was not due to the tariff, because the tariff was not changed. The increase would, therefore, have taken place whether the tariff would have been changed or not. The cost of woolen cloths behind the tariff wall, through the effect of competition, has been greatly less than the duty, if added to the price, would have made it.

There is a complaint now by the woolen clothiers and by the carded woolen people of this woolen schedule. They have honored me by asking in circulars sent out by them that certain questions be put to me in respect to it, and asking why I did not veto the bill in view of the fact that the woolen schedule was not made in accord with the platform. I ought to say in respect to this point that all of them in previous tariff bills were strictly in favor of maintaining the woolen schedule as it was. The carded woolen people are finding that carded wools are losing their sales because they are going out of style. People prefer worsteds. The clothing people who are doing so much circularizing were contented to let the woolen schedule remain as it was until very late in the tariff discussion, long after the bill had passed the

House, and, indeed, they did not grow very urgent until the bill had passed the Senate. This was because they found that the price of woolen cloth was going up, and so they desired to secure reduction in the tariff which would enable them to get cheaper material. They themselves are protected by a large duty, and I can not with deference to them ascribe their intense interest only to a deep sympathy with the ultimate consumers, so-called. But, as I have already said, I am quite willing to admit that allowing the woolen schedule to remain where it is, is not a compliance with the terms of the platform as I interpret it and as it is generally understood.

On the whole, however, I am bound to say that I think the Payne tariff bill is the best tariff bill that the Republican party ever passed; that in it the party has conceded the necessity for following the changed conditions and reducing tariff rates accordingly. This is a substantial achievement in the direction of lower tariffs and downward revision, and it ought to be accepted as such. Critics of the bill utterly ignore the very tremendous cuts that have been made in the iron schedule, which heretofore has been subject to criticism in all tariff bills. From iron ore, which was cut 75 per cent., to all the other items as low as 20 per cent., with an average of something like 40 or 50 per cent., that schedule has been reduced so that the danger of increasing prices through a monopoly of the business is very much lessened, and that was the chief purpose of revising the tariff downward under Republican protective principles. The severe critics of the bill pass this reduction in the metal schedule with a sneer, and say that the cut did not hurt the iron interests of the country. Well, of course it did not hurt them. It was not expected to hurt them. It was expected only to reduce excessive rates, so that business should still be conducted at a profit, and the very character of the criticism is an indication of the general injustice of the attitude of those who make it, in assuming that it was the promise of the Republican party to hurt the industries of the country by the reductions which they were to make in the tariff, whereas it expressly indicated as plainly as possible in the platform that all of the industries were to be protected against injury by foreign competition, and the promise only went to the reduction of excessive rates beyond what was necessary to protect them.

The high cost of living, of which 50 per cent. is consumed in food, 25 per cent. in clothing, and 25 per cent. in rent and fuel, has not been produced by the tariff, because the tariff has remained the same while the increases have gone on. It is due to the change of conditions the world over. Living has increased everywhere in cost—in countries where there is free trade and in countries where there is protection—and that increase has been chiefly seen in the cost of food products. In other words, we have had to pay more for the products of the

farmer, for meat, for grain, for everything that enters into food. Now, certainly no one will contend that protection has increased the cost of food in this country, when the fact is that we have been the greatest exporters of food products in the world. It is only that the demand has increased beyond the supply, that farm lands have not been opened as rapidly as the population, and the demand has increased. I am not saying that the tariff does not increase prices in clothing and in building and in other items that enter into the necessities of life, but what I wish to emphasize is that the recent increases in the cost of living in this country have not been due to the tariff. We have a much higher standard of living in this country than they have abroad, and this has been made possible by higher income for the workingman, the farmer, and all classes. Higher wages have been made possible by the encouragement of diversified industries, built up and fostered by the tariff.

Now, the revision downward of the tariff that I have favored will not, I hope, destroy the industries of the country. Certainly it is not intended to. All that it is intended to do, and that is what I wish to repeat, is to put the tariff where it will protect industries here from foreign competition, but will not enable those who will wish to monopolize to raise prices by taking advantage of excessive rates beyond the normal difference in the cost of production.

If the country desires free trade, and the country desires a revenue tariff and wishes the manufacturers all over the country to go out of business, and to have cheaper prices at the expense of the sacrifice of many of our manufacturing interests, then it ought to say so and ought to put the Democratic party in power if it thinks that party can be trusted to carry out any affirmative policy in favor of a revenue tariff. Certainly in the discussions in the Senate there was no great manifestation on the part of our Democratic friends in favor of reducing rates on necessities. They voted to maintain the tariff rates on everything that came from their particular sections. If we are to have free trade, certainly it can not be had through the maintenance of Republican majorities in the Senate and House and a Republican administration.

And now the question arises, what was the duty of a Member of Congress who believed in a downward revision greater than that which has been accomplished, who thought that the wool schedules ought to be reduced, and that perhaps there were other respects in which the bill could be improved? Was it his duty because, in his judgment, it did not fully and completely comply with the promises of the party platform as he interpreted it, and indeed as I had interpreted it, to vote against the bill? I am here to justify those who answer this question in the negative. Mr. Tawney was adownward revisionist like

myself. He is a low-tariff man, and has been known to be such in Congress all the time he has been there. He is a prominent Republican, the head of the Appropriations Committee, and when a man votes as I think he ought to vote, and an opportunity such as this presents itself, I am glad to speak in behalf of what he did, not in defense of it, but in support of it.

This is a government by a majority of the people. It is a representative government. People select some 400 members to constitute the lower House and some 92 members to constitute the upper House through their legislatures, and the varying views of a majority of the voters in eighty or ninety millions of people are reduced to one resultant force to take affirmative steps in carrying on a government by a system of parties. Without parties popular government would be absolutely impossible. In a party, those who join it, if they would make it effective, must surrender their personal predilections on matters comparatively of less importance in order to accomplish the good which united action on the most important principles at issue secures.

Now, I am not here to criticise those Republican Members and Senators whose views on the subject of the tariff were so strong and intense that they believed it their duty to vote against their party on the tariff bill. It is a question for each man to settle for himself. The question is whether he shall help maintain the party solidarity for accomplishing its chief purposes, or whether the departure from principle in the bill as he regards it is so extreme that he must in conscience abandon the party. All I have to say is, in respect to Mr. Tawney's action, and in respect to my own in signing the bill, that I believed that the interests of the country, the interests of the party, required me to sacrifice the accomplishment of certain things in the revision of the tariff which I had hoped for, in order to maintain party solidarity, which I believe to be much more important than the reduction of rates in one or two schedules of the tariff. Had Mr. Tawney voted against the bill, and there had been others of the House sufficient in number to have defeated the bill, or if I had vetoed the bill because of the absence of a reduction of rates in the wool schedule, when there was a general downward revision, and a substantial one though not a complete one, we should have left the party in a condition of demoraliztaion that would have prevented the accomplishment of purposes and a fulfillment of other promises which we had made just as solemnly as we had entered into that with respect to the tariff. When I could say without hesitation that this is the best tariff bill that the Republican party has ever passed, and therefore the best tariff bill that has been passed at all, I do not feel that I could have reconciled any other course to my conscience than that of signing the bill, and I think Mr. Taw-

ney feels the same way. Of course, if I had vetoed the bill I would have received the applause of many Republicans who may be called low-tariff Republicans, and who think deeply on that subject, and of all the Democracy. Our friends the Democrats would have applauded, and then laughed in their sleeve at the condition in which the party would have been left; but, more than this, and waiving considerations of party, where would the country have been had the bill been vetoed, or been lost by a vote? It would have left the question of the revision of the tariff open for further discussion during the next session. It would have suspended the settlement of all our business down to a known basis upon which prosperity could proceed and investments be made, and it would have held up the coming of prosperity to this country certainly for a year and probably longer. These are the reasons why I signed it.

But there are additional reasons why the bill ought not to have been beaten. It contained provisions of the utmost importance in the interest of this country in dealing with foreign countries and in the supplying of a deficit which under the Dingley bill seemed inevitable. There has been a disposition in some foreign countries taking advantage of greater elasticity in their systems of imposing tariffs and of making regulations to exclude our products and exercise against us undue discrimination. Against these things we have been helpless, because it required an act of Congress to meet the difficulties. It is now proposed by what is called the maximum and minimum clause, to enable the President to allow to come into operation a maximum or penalizing increase of duties over the normal or minimum duties whenever in his opinion the conduct of the foreign countries has been unduly discriminatory against the United States. It is hoped that very little use may be required of this clause, but its presence in the law and the power conferred upon the Executive, it is thought, will prevent in the future such undue discriminations. Certainly this is most important to our exporters of agricultural products and manufactures.

Second. We have imposed an excise tax upon corporations measured by 1 per cent. upon the net income of all corporations except fraternal and charitable corporations after exempting $5,000. This, it is thought, will raise an income of 26 to 30 millions of dollars, will supply the deficit which otherwise might arise without it, and will bring under federal supervision more or less all the corporations of the country. The inquisitorial provisions of the act are mild but effective, and certainly we may look not only for a revenue but for some most interesting statistics and the means of obtaining supervision over corporate methods that has heretofore not obtained.

Then, we have finally done justice to the Philippines. We have

introduced free trade between the Philippines and the United States, and we have limited the amount of sugar and the amount of tobacco and cigars that can be introduced from the Philippines to such a figure as shall greatly profit the Philippines and yet in no way disturb the products of the United States or interfere with those engaged in the tobacco or sugar interests here. These features of the bill were most important, and the question was whether they were to be sacrificed because the bill did not in respect to wool and woolens and in some few other matters meet our expectations. I do not hesitate to repeat that I think it would have been an unwise sacrifice of the business interests of the country, it would have been an unwise sacrifice of the solidarity, efficiency, and promise-performing power of the party, to have projected into the next session another long discussion of the tariff, and to have delayed or probably defeated the legislation needed in the improvement of our interstate commerce regulation, and in making more efficient our antitrust law and the prosecutions under it. Such legislation is needed to clinch the Roosevelt policies, by which corporations and those in control of them shall be limited to a lawful path and shal be prevented from returning to those abuses which a recurrence of prosperity is too apt to bring about unless definite, positive steps of a legislative character are taken to mark the lines of honest and lawful corporate management.

Now, there is another provision in the new tariff bill that I regard as of the utmost importance. It is a provision which appropriates $75,000 for the President to employ persons to assist him in the execution of the maximum and minimum tariff clause and in the administration of the tariff law. Under that authority, I conceive that the President has the right to appoint a board, as I have appointed it, who shall associate with themselves, and have under their control, a number of experts who shall address themselves, first, to the operation of foreign tariffs upon the exports of the United States, and then to the operation of the United States tariff upon imports and exports. There are provisions in the general tariff procedure for the ascertainment of the cost of production of articles abroad and the cost of production of articles here. I intend to direct the board in the course of these duties and in carrying them out, in order to assist me in the administration of the law, to make what might be called a glossary of the tariff, or a small encyclopedia of the tariff, or something to be compared to the United States Pharmacopœia with reference to information as to drugs and medicines. I conceive that such a board may very properly, in the course of their duties, take up separately all the items of the tariff, both those on the free list and those which are dutiable, describe what they are, where they are manufactured, what their uses are, the methods of manufacture, the cost of production abroad and here, and every

other fact with respect to each item which would enable the Executive to understand the operation of the tariff, the value of the article, and the amount of duty imposed, and all those details which the student of every tariff law finds it so difficult to discover. I do not intend, unless compelled or directed by Congress, to publish the result of these investigations, but to treat them merely as incidental facts brought out officially from time to time, and as they may be ascertained and put on record in the department, there to be used when they have all been accumulated and are sufficiently complete to justify executive recommendation based on them. Now, I think it is utterly useless, as I think it would be greatly distressing to business, to talk of another revision of the tariff during the present Congress. I should think that it would certainly take the rest of this administration to accumulate the data upon which a new and proper revision of the tariff might be had. By that time the whole Republican party can express itself again in respect to the matter and bring to bear upon its Representatives in Congress that sort of public opinion which shall result in solid party action. I am glad to see that a number of those who thought it their duty to vote against the bill insist that they are still Republicans and intend to carry on their battle in favor of lower duties and a lower revision within the lines of the party. That is their right and, in their view of things, is their duty.

It is vastly better that they should seek action of the party than that they should break off from it and seek to organize another party, which would probably not result in accomplishing anything more than merely defeating our party and inviting in the opposing party, which does not believe, or says that it does not believe, in protection. I think that we ought to give the present bill a chance. After it has been operating for two or three years, we can tell much more accurately than we can to-day its effect upon the industries of the country and the necessity for any amendment in its provisions.

I have tried to state as strongly as I can, but not more strongly than I think the facts justify, the importance of not disturbing the business interests of this country by an attempt in this Congress or the next to make a new revision; but meantime I intend, so far as in me lies, to secure official data upon the operation of the tariff, from which, when a new revision is attempted, exact facts can be secured.

I have appointed a tariff board that has no brief for either side in respect to what the rates shall be. I hope they will make their observations and note their data in their record with exactly the same impartiality and freedom from anxiety as to result with which the Weather Bureau records the action of the elements or any scientific bureau of the Government records the results of its impartial investigations. Certainly the experience in this tariff justifies the statement

that no revision should hereafter be attempted in which more satisfactory evidence of an impartial character is not secured.

I am sorry that I am not able to go into further detail with respect to the tariff bill, but I have neither the information nor the time in which to do it. I have simply stated the case as it seemed to Mr. Tawney in his vote and as it seemed to me in my signing the bill.

FIRST ANNUAL MESSAGE

THE WHITE HOUSE, *December 7, 1909.*

To the Senate and House of Representatives:

The relations of the United States with all foreign governments have continued upon the normal basis of amity and good understanding, and are very generally satisfactory.

EUROPE.

Pursuant to the provisions of the general treaty of arbitration concluded between the United States and Great Britain, April 4, 1908, a special agreement was entered into between the two countries on January 27, 1909, for the submission of questions relating to the fisheries on the North Atlantic Coast to a tribunal to be formed from members of the Permanent Court of Arbitration at The Hague.

In accordance with the provisions of the special agreement the printed case of each Government was, on October 4 last, submitted to the other and to the Arbitral Tribunal at The Hague, and the counter case of the United States is now in course of preparation.

The American rights under the fisheries article of the Treaty of 1818 have been a cause of difference between the United States and Great Britain for nearly seventy years. The interests involved are of great importance to the American fishing industry, and the final settlement of the controversy will remove a source of constant irritation and complaint. This is the first case involving such great international questions which has been submitted to the Permanent Court of Arbitration at The Hague.

The treaty between the United States and Great Britain concerning the Canadian International boundary, concluded April 11, 1908, authorizes the appointment of two commissioners to define and mark accurately the international boundary line between the United States and the Dominion of Canada in the waters of the Passamaquoddy Bay, and provides for the exchange of briefs within the period of six months. The briefs were duly presented within the prescribed

period, but as the commissioners failed to agree within six months after the exchange of the printed statements, as required by the treaty, it has now become necessary to resort to the arbitration provided for in the article.

The International Fisheries Commission appointed pursuant to and under the authority of the Convention of April 11, 1908, between the United States and Great Britain, has completed a system of uniform and common international regulations for the protection and preservation of the food fishes in international boundary waters of the United States and Canada.

The regulations will be duly submitted to Congress with a view to the enactment of such legislation as will be necessary under the convention to put them into operation.

The Convention providing for the settlement of international differences between the United States and Canada, including the apportionment between the two countries of certain of the boundary waters and the appointment of commissioners to adjust certain other questions, signed on the 11th day of January, 1909, and to the ratification of which the Senate gave its advice and consent on March 3, 1909, has not yet been ratified on the part of Great Britain.

Commissioners have been appointed on the part of the United States to act jointly with Commissioners on the part of Canada in examining into the question of obstructions in the St. John River between Maine and New Brunswick, and to make recommendations for the regulation of the uses thereof, and are now engaged in this work.

Negotiations for an international conference to consider and reach an arrangement providing for the preservation and protection of the fur seals in the North Pacific are in progress with the Governments of Great Britain, Japan, and Russia. The attitude of the Governments interested leads me to hope for a satisfactory settlement of this question as the ultimate outcome of the negotiations.

The Second Peace Conference recently held at The Hague adopted a convention for the establishment of an International Prize Court upon the joint proposal of delegations of the United States, France, Germany and Great Britain. The law to be observed by the Tribunal in the decision of prize cases was, however, left in an uncertain and therefore unsatisfactory state. Article 7 of the Convention provided that the Court was to be governed by the provisions of treaties existing between the belligerents, but that "in the absence of such provisions, the court shall apply the rules of international law. If no generally recognized rule exists, the court shall give judgment in accordance with the general principles of justice and equity." As, however, many questions in international maritime law are understood differently and therefore interpreted differently in various coun-

tries, it was deemed advisable not to intrust legislative powers to the proposed court, but to determine the rules of law properly applicable in a Conference of the representative maritime nations. Pursuant to an invitation of Great Britain a conference was held at London from December 2, 1908, to February 26, 1909, in which the following Powers participated: the United States, Austria-Hungary, France, Germany, Great Britain, Italy, Japan, the Netherlands, Russia and Spain. The conference resulted in the Declaration of London, unanimously agreed to and signed by the participating Powers, concerning among other matters, the highly important subjects of blockade, contraband, the destruction of neutral prizes, and continuous voyages.

The declaration of London is an eminently satisfactory codification of the international maritime law, and it is hoped that its reasonableness and fairness will secure its general adoption, as well as remove one of the difficulties standing in the way of the establishment of an International Prize Court.

Under the authority given in the sundry civil appropriation act, approved March 4, 1909, the United States was represented at the International Conference on Maritime Law at Brussels. The Conference met on the 28th of September last and resulted in the signature *ad referendum* of a convention for the unification of certain regulations with regard to maritime assistance and salvage and a convention for the unification of certain rules with regard to collisions at sea.

Two new projects of conventions which have not heretofore been considered in a diplomatic conference, namely, one concerning the limitation of the responsibility of shipowners, and the other concerning marine mortgages and privileges, have been submitted by the Conference to the different governments.

The Conference adjourned to meet again on April 11, 1910.

The International Conference for the purpose of promoting uniform legislation concerning letters of exchange, which was called by the Government of the Netherlands to meet at The Hague in September, 1909, has been postponed to meet at that capital in June, 1910. The United States will be appropriately represented in this Conference under the provision therefor already made by Congress.

The cordial invitation of Belgium to be represented by a fitting display of American progress in the useful arts and inventions at the World's Fair to be held at Brussels in 1910 remains to be acted upon by the Congress. Mindful of the advantages to accrue to our artisans and producers in competition with their Continental rivals, I renew the recommendation heretofore made that provision be made for acceptance of the invitation and adequate representation in the Exposition.

The question arising out of the Belgian annexation of the Independent State of the Congo, which has so long and earnestly preoccupied the attention of this Government and enlisted the sympathy of our best citizens, is still open, but in a more hopeful stage. This Government was among the foremost in the great work of uplifting the uncivilized regions of Africa and urging the extension of the benefits of civilization, education, and fruitful open commerce to that vast domain, and is a party to treaty engagements of all the interested powers designed to carry out that great duty to humanity. The way to better the original and adventitious conditions, so burdensome to the natives and so destructive to their development, has been pointed out, by observation and experience, not alone of American representatives, but by cumulative evidence from all quarters and by the investigations of Belgian Agents. The announced programmes of reforms, striking at many of the evils known to exist, are an augury of better things. The attitude of the United States is one of benevolent encouragement, coupled with a hopeful trust that the good work, responsibly undertaken and zealously perfected to the accomplishment of the results so ardently desired, will soon justify the wisdom that inspires them and satisfy the demands of humane sentiment throughout the world.

A convention between the United States and Germany, under which the nonworking provisions of the German patent law are made inapplicable to the patents of American citizens, was concluded on February 23, 1909, and is now in force. Negotiations for similar conventions looking to the placing of American inventors on the same footing as nationals have recently been initiated with other European governments whose laws require the local working of foreign patents.

Under an appropriation made at the last session of the Congress, a commission was sent on American cruisers to Monrovia to investigate the interests of the United States and its citizens in Liberia. Upon its arrival at Monrovia the commission was enthusiastically received, and during its stay in Liberia was everywhere met with the heartiest expressions of good will for the American Government and people and the hope was repeatedly expressed on all sides that this Government might see its way clear to do something to relieve the critical position of the Republic arising in a measure from external as well as internal and financial embarrassments.

The Liberian Government afforded every facility to the Commission for ascertaining the true state of affairs. The Commission also had conferences with representative citizens, interested foreigners and the representatives of foreign governments in Monrovia. Visits

were made to various parts of the Republic and to the neighboring British colony of Sierra Leone, where the Commission was received by and conferred with the Governor.

It will be remembered that the interest of the United States in the Republic of Liberia springs from the historical fact of the foundation of the Republic by the colonization of American citizens of the African race. In an early treaty with Liberia there is a provision under which the United States may be called upon for advice or assistance. Pursuant to this provision and in the spirit of the moral relationship of the United States to Liberia, that Republic last year asked this Government to lend assistance in the solution of certain of their national problems, and hence the Commission was sent.

The report of our commissioners has just been completed and is now under examination by the Department of State. It is hoped that there may result some helpful measures, in which case it may be my duty again to invite your attention to this subject.

The Norwegian Government, by a note addressed on January 26, 1909, to the Department of State, conveyed an invitation to the Government of the United States to take part in a conference which it is understood will be held in February or March, 1910, for the purpose of devising means to remedy existing conditions in the Spitzbergen Islands.

This invitation was conveyed under the reservation that the question of altering the status of the islands as countries belonging to no particular State, and as equally open to the citizens and subjects of all States, should not be raised.

The European Powers invited to this Conference by the Government of Norway were Belgium, Denmark, France, Germany, Great Britain, Russia, Sweden and the Netherlands.

The Department of State, in view of proofs filed with it in 1906, showing the American possession, occupation, and working of certain coal-bearing lands in Spitzbergen, accepted the invitation under the reservation above stated, and under the further reservation that all interests in those islands already vested should be protected and that there should be equality of opportunity for the future. It was further pointed out that membership in the Conference on the part of the United States was qualified by the consideration that this Government would not become a signatory to any conventional arrangement concluded by the European members of the Conference which would imply contributory participation by the United States in any obligation or responsibility for the enforcement of any scheme of administration which might be devised by the Conference for the islands.

THE NEAR EAST.

His Majesty Mehmed V, Sultan of Turkey, recently sent to this country a special embassy to announce his accession. The quick transition of the Government of the Ottoman Empire from one of retrograde tendencies to a constitutional government with a Parliament and with progressive modern policies of reform and public improvement is one of the important phenomena of our times. Constitutional government seems also to have made further advance in Persia. These events have turned the eyes of the world upon the Near East. In that quarter the prestige of the United States has spread widely through the peaceful influence of American schools, universities and missionaries. There is every reason why we should obtain a greater share of the commerce of the Near East since the conditions are more favorable now than ever before.

LATIN AMERICA.

One of the happiest events in recent Pan-American diplomacy was the pacific, independent settlement by the Governments of Bolivia and Peru of a boundary difference between them, which for some weeks threatened to cause war and even to entrain embitterments affecting other republics less directly concerned. From various quarters, directly or indirectly concerned, the intermediation of the United States was sought to assist in a solution of the controversy. Desiring at all times to abstain from any undue mingling in the affairs of sister republics and having faith in the ability of the Governments of Peru and Bolivia themselves to settle their differences in a manner staisfactory to themselves which, viewed with magnanimity, would assuage all embitterment, this Government steadily abstained from being drawn into the controversy and was much gratified to find its confidence justified by events.

On the 9th of July next there will open at Buenos Aires the Fourth Pan-American Conference. This conference will have a special meaning to the hearts of all Americans, because around its date are clustered the anniversaries of the independence of so many of the American republics. It is not necessary for me to remind the Congress of the political, social and commercial importance of these gatherings. You are asked to make liberal appropriation for our participation. If this be granted, it is my purpose to appoint a distinguished and representative delegation, qualified fittingly to represent this country and to deal with the problems of intercontinental interest which will there be discussed.

The Argentine Republic will also hold from May to November, 1910, at Buenos Aires, a great International Agricultural Exhibition

in which the United States has been invited to participate. Considering the rapid growth of the trade of the United States with the Argentine Republic and the cordial relations existing between the two nations, together with the fact that it provides an opportunity to show deference to a sister republic on the occasion of the celebration of its national independence, the proper Departments of this Government are taking steps to apprise the interests concerned of the opportunity afforded by this Exhibition, in which appropriate participation by this country is so desirable. The designation of an official representative is also receiving consideration.

To-day, more than ever before, American capital is seeking investment in foreign countries, and American products are more and more generally seeking foreign markets. As a consequence, in all countries there are American citizens and American interests to be protected, on occasion, by their Government. These movements of men, of capital, and of commodities bring peoples and governments closer together and so form bonds of peace and mutual dependency, as they must also naturally sometimes make passing points of friction. The resultant situation inevitably imposes upon this Government vastly increased responsibilities. This Administration, through the Department of State and the foreign service, is lending all proper support to legitimate and beneficial American enterprises in foreign countries, the degree of such support being measured by the national advantages to be expected. A citizen himself can not by contract or otherwise divest himself of the right, nor can this Government escape the obligation, of his protection in his personal and property rights when these are unjustly infringed in a foreign country. To avoid ceaseless vexations it is proper that in considering whether American enterprise should be encouraged or supported in a particular country, the Government should give full weight not only to the national, as opposed to the individual benefits to accrue, but also to the fact whether or not the Government of the country in question is in its administration and in its diplomacy faithful to the principles of moderation, equity and justice upon which alone depend international credit, in diplomacy as well as in finance.

The Pan-American policy of this Government has long been fixed in its principles and remains unchanged. With the changed circumstances of the United States and of the Republics to the south of us, most of which have great natural resources, stable government and progressive ideals, the apprehension which gave rise to the Monroe Doctrine may be said to have nearly disappeared, and neither the doctrine as it exists nor any other doctrine of American policy should be permitted to operate for the perpetuation of irre-

sponsible government, the escape of just obligations, or the insidious allegation of dominating ambitions on the part of the United States.

Beside the fundamental doctrines of our Pan-American policy there have grown up a realization of political interests, community of institutions and ideals, and a flourishing commerce. All these bonds will be greatly strengthened as time goes on and increased facilities, such as the great bank soon to be established in Latin America, supply the means for building up the colossal intercontinental commerce of the future.

My meeting with President Diaz and the greeting exchanged on both American and Mexican soil served, I hope, to signalize the close and cordial relations which so well bind together this Republic and the great Republic immediately to the south, between which there is so vast a network of material interests.

I am happy to say that all but one of the cases which for so long vexed our relations with Venezuela have been settled within the past few months and that, under the enlightened régime now directing the Government of Venezuela, provision has been made for arbitration of the remaining case before The Hague Tribunal.

On July 30, 1909, the Government of Panama agreed, after considerable negotiation, to indemnify the relatives of the American officers and sailors who were brutally treated, one of them having, indeed, been killed by the Panaman police this year.

The sincere desire of the Government of Panama to do away with a situation where such an accident could occur is manifest in the recent request in compliance with which this Government has lent the services of an officer of the Army to be employed by the Government of Panama as Instructor of Police.

The sanitary improvements and public works undertaken in Cuba prior to the present administration of that Government, in the success of which the United States is interested under the treaty, are reported to be making good progress and since the Congress provided for the continuance of the reciprocal commercial arrangement between Cuba and the United States assurance has been received that no negotiations injuriously affecting the situation will be undertaken without consultation.

The collection of the customs of the Dominican Republic through the general receiver of customs appointed by the President of the United States in accordance with the convention of February 8, 1907, has proceeded in an uneventful and satisfactory manner. The customs receipts have decreased owing to disturbed political and economic conditions and to a very natural curtailment of imports in view of the anticipated revision of the Dominican tariff schedule.

The payments to the fiscal agency fund for the service of the bonded debt of the Republic, as provided by the convention, have been regularly and promptly made, and satisfactory progress has been made in carrying out the provisions of the convention looking towards the completion of the adjustment of the debt and the acquirement by the Dominican Government of certain concessions and monopolies which have been a burden to the commerce of the country. In short, the receivership has demonstrated its ability, even under unfavorable economic and political conditions, to do the work for which it was intended.

This Government was obliged to intervene diplomatically to bring about arbitration or settlement of the claim of the Emery Company against Nicaragua, which it had long before been agreed should be arbitrated. A settlement of this troublesome case was reached by the signature of a protocol on September 18, 1909.

Many years ago diplomatic intervention became necessary to the protection of the interests in the American claim of Alsop and Company against the Government of Chile. The Government of Chile had frequently admitted obligation in the case and had promised this Government to settle. There had been two abortive attempts to do so through arbitral commissions, which failed through lack of jurisdiction. Now, happily, as the result of the recent diplomatic negotiations, the Governments of the United States and of Chile, actuated by the sincere desire to free from any strain those cordial and friendly relations upon which both set such store, have agreed by a protocol to submit the controversy to definitive settlement by His Britannic Majesty, Edward VII.

Since the Washington Conventions of 1907 were communicated to the Government of the United States as a consulting and advising party, this Government has been almost continuously called upon by one or another, and in turn by all the five Central American Republics, to exert itself for the maintenance of the Conventions. Nearly every complaint has been against the Zelaya Government of Nicaragua, which has kept Central America in constant tension or turmoil. The responses made to the representations of Central American Republics, as due from the United States on account of its relation to the Washington Conventions, have been at all times conservative and have avoided, so far as possible, any semblance of interference, although it is very apparent that the considerations of geographic proximity to the Canal Zone and of the very substantial American interests in Central America give to the United States a special position in the zone of these Republics and the Caribbean Sea.

I need not rehearse here the patient efforts of this Government to promote peace and welfare among these Republics, efforts which are fully appreciated by the majority of them who are loyal to their true interests. It would be no less unnecessary to rehearse here the sad tale of unspeakable barbarities and oppression alleged to have been committed by the Zelaya Government. Recently two Americans were put to death by order of President Zelaya himself. They were reported to have been regularly commissioned officers in the organized forces of a revolution which had continued many weeks and was in control of about half of the Republic, and as such, according to the modern enlightened practice of civilized nations, they were entitled to be dealt with as prisoners of war.

At the date when this message is printed this Government has terminated diplomatic relations with the Zelaya Government, for reasons made public in a communication to the former Nicaraguan chargé d'affaires, and is intending to take such future steps as may be found most consistent with its dignity, its duty to American interests, and its moral obligations to Central America and to civilization. It may later be necessary for me to bring this subject to the attention of the Congress in a special message.

The International Bureau of American Republics has carried on an important and increasing work during the last year. In the exercise of its peculiar functions as an international agency, maintained by all the American Republics for the development of Pan-American commerce and friendship, it has accomplished a great practical good which could be done in the same way by no individual department or bureau of one government, and is therefore deserving of your liberal support. The fact that it is about to enter a new building, erected through the munificence of an American philanthropist and the contributions of all the American nations, where both its efficiency of administration and expense of maintenance will naturally be much augmented, further entitles it to special consideration.

THE FAR EAST.

In the Far East this Government preserves unchanged its policy of supporting the principle of equality of opportunity and scrupulous respect for the integrity of the Chinese Empire, to which policy are pledged the interested Powers of both East and West.

By the Treaty of 1903 China has undertaken the abolition of likin with a moderate and proportionate raising of the customs tariff along with currency reform. These reforms being of manifest advantage to foreign commerce as well as to the interests of China, this Government is endeavoring to facilitate these measures and

the needful acquiescence of the treaty Powers. When it appeared that Chinese likin revenues were to be hypothecated to foreign bankers in connection with a great railway project, it was obvious that the Governments whose nationals held this loan would have a certain direct interest in the question of the carrying out by China of the reforms in question. Because this railroad loan represented a practical and real application of the open door policy through cooperation with China by interested Powers as well as because of its relations to the reforms referred to above, the Administration deemed American participation to be of great national interest. Happily, when it was as a matter of broad policy urgent that this opportunity should not be lost, the indispensable instrumentality presented itself when a group of American bankers, of international reputation and great resources, agreed at once to share in the loan upon precisely such terms as this Government should approve. The chief of those terms was that American railway material should be upon an exact equality with that of the other nationals joining in the loan in the placing of orders for this whole railroad system. After months of negotiation the equal participation of Americans seems at last assured. It is gratifying that Americans will thus take their share in this extension of these great highways of trade, and to believe that such activities will give a real impetus to our commerce and will prove a practical corollary to our historic policy in the Far East.

The Imperial Chinese Government in pursuance of its decision to devote funds from the portion of the indemnity remitted by the United States to the sending of students to this country has already completed arrangements for carrying out this purpose, and a considerable body of students have arrived to take up their work in our schools and universities. No one can doubt the happy effect that the associations formed by these representative young men will have when they return to take up their work in the progressive development of their country.

The results of the Opium Conference held at Shanghai last spring at the invitation of the United States have been laid before the Government. The report shows that China is making remarkable progress and admirable efforts toward the eradication of the opium evil and that the Governments concerned have not allowed their commercial interests to interfere with a helpful cooperation in this reform. Collateral investigations of the opium question in this country lead me to recommend that the manufacture, sale and use of opium and its derivatives in the United States should be so far as possible more rigorously controlled by legislation.

In one of the Chinese-Japanese Conventions of September 4 of

this year there was a provision which caused considerable public apprehension in that upon its face it was believed in some quarters to seek to establish a monopoly of mining privileges along the South Manchurian and Antung-Mukden Railroads, and thus to exclude Americans from a wide field of enterprise, to take part in which they were by treaty with China entitled. After a thorough examination of the Conventions and of the several contextual documents, the Secretary of State reached the conclusion that no such monopoly was intended or accomplished. However, in view of the widespread discussion of this question, to confirm the view it had reached, this Government made inquiry of the Imperial Chinese and Japanese Governments and received from each official assurance that the provision had no purpose inconsistent with the policy of equality of opportunity to which the signatories, in common with the United States, are pledged.

Our traditional relations with the Japanese Empire continue cordial as usual. As the representative of Japan, His Imperial Highness Prince Kuni visited the Hudson-Fulton Celebration. The recent visit of a delegation of prominent business men as guests of the chambers of commerce of the Pacific slope, whose representatives had been so agreeably received in Japan, will doubtless contribute to the growing trade across the Pacific, as well as to that mutual understanding which leads to mutual appreciation. The arrangement of 1908 for a cooperative control of the coming of laborers to the United States has proved to work satisfactorily. The matter of a revision of the existing treaty between the United States and Japan which is terminable in 1912 is already receiving the study of both countries.

The Department of State is considering the revision in whole or in part, of the existing treaty with Siam, which was concluded in 1856, and is now, in respect to many of its provisions, out of date.

THE DEPARTMENT OF STATE.

I earnestly recommend to the favorable action of the Congress the estimates submitted by the Department of State and most especially the legislation suggested in the Secretary of State's letter of this date whereby it will be possible to develop and make permanent the reorganization of the Department upon modern lines in a manner to make it a thoroughly efficient instrument in the furtherance of our foreign trade and of American interests abroad. The plan to have Divisions of Latin-American and Far Eastern Affairs and to institute a certain specialization in business with Europe and the Near East will at once commend itself. These politico-geographical divisions and the detail from the diplomatic or consular

service to the Department of a number of men, who bring to the study of complicated problems in different parts of the world practical knowledge recently gained on the spot, clearly is of the greatest advantage to the Secretary of State in foreseeing conditions likely to arise and in conducting the great variety of correspondence and negotiation. It should be remembered that such facilities exist in the foreign offices of all the leading commercial nations and that to deny them to the Secretary of State would be to place this Government at a great disadvantage in the rivalry of commercial competition.

The consular service has been greatly improved under the law of April 5, 1906, and the Executive Order of June 27, 1906, and I commend to your consideration the question of embodying in a statute the principles of the present Executive Order upon which the efficiency of our consular service is wholly dependent.

In modern times political and commercial interests are interrelated, and in the negotiation of commercial treaties, conventions and tariff agreements, the keeping open of opportunities and the proper support of American enterprises, our diplomatic service is quite as important as the consular service to the business interests of the country. Impressed with this idea and convinced that selection after rigorous examination, promotion for merit solely and the experience only to be gained through the continuity of an organized service are indispensable to a high degree of efficiency in the diplomatic service, I have signed an Executive Order as the first step toward this very desirable result. Its effect should be to place all secretaries in the diplomatic service in much the same position as consular officers are now placed and to tend to the promotion of the most efficient to the grade of minister, generally leaving for outside appointments such posts of the grade of ambassador or minister as it may be expedient to fill from without the service. It is proposed also to continue the practice instituted last summer of giving to all newly appointed secretaries at least one month's thorough training in the Department of State before they proceed to their posts. This has been done for some time in regard to the consular service with excellent results.

Under a provision of the Act of August 5, 1909, I have appointed three officials to assist the officers of the Government in collecting information necessary to a wise administration of the tariff act of August 5, 1909. As to questions of customs administration they are cooperating with the officials of the Treasury Department and as to matters of the needs and the exigencies of our manufacturers and exporters, with the Department of Commerce and Labor, in its relation to the domestic aspect of the subject of foreign commerce.

In the study of foreign tariff treatment they will assist the Bureau of Trade Relations of the Department of State. It is hoped thus to coordinate and bring to bear upon this most important subject all the agencies of the Government which can contribute anything to its efficient handling.

As a consequence of Section 2 of the tariff act of August 5, 1909, it becomes the duty of the Secretary of State to conduct as diplomatic business all the negotiations necessary to place him in a position to advise me as to whether or not a particular country unduly discriminates against the United States in the sense of the statute referred to. The great scope and complexity of this work, as well as the obligation to lend all proper aid to our expanding commerce, is met by the expansion of the Bureau of Trade Relations as set forth in the estimates for the Department of State.

OTHER DEPARTMENTS.

I have thus in some detail described the important transactions of the State Department since the beginning of this Administration for the reason that there is no provision either by statute or custom for a formal report by the Secretary of State to the President or to Congress, and a Presidential message is the only means by which the condition of our foreign relations is brought to the attention of Congress and the public.

In dealing with the affairs of the other Departments, the heads of which all submit annual reports, I shall touch only those matters that seem to me to call for special mention on my part without minimizing in any way the recommendations made by them for legislation affecting their respective Departments, in all of which I wish to express my general concurrence.

GOVERNMENT EXPENDITURES AND REVENUES.

Perhaps the most important question presented to this Administration is that of economy in expenditures and sufficiency of revenue. The deficit of the last fiscal year, and the certain deficit of the current year, prompted Congress to throw a greater responsibility on the Executive and the Secretary of the Treasury than had heretofore been declared by statute. This declaration imposes upon the Secretary of the Treasury the duty of assembling all the estimates of the Executive Departments, bureaus, and offices, of the expenditures necessary in the ensuing fiscal year, and of making an estimate of the revenues of the Government for the same period; and if a probable deficit is thus shown, it is made the duty of the President to recommend the method by which such deficit can be met.

The report of the Secretary shows that the ordinary expenditures for the current fiscal year ending June 30, 1910, will exceed the estimated receipts by $34,075,620. If to this deficit is added the sum to be disbursed for the Panama Canal, amounting to $38,000,000, and $1,000,000 to be paid on the public debt, the deficit of ordinary receipts and expenditures will be increased to a total deficit of $73,075,620. This deficit the Secretary proposes to meet by the proceeds of bonds issued to pay the cost of constructing the Panama Canal. I approve this proposal.

The policy of paying for the construction of the Panama Canal, not out of current revenue, but by bond issues, was adopted in the Spooner Act of 1902, and there seems to be no good reason for departing from the principle by which a part at least of the burden of the cost of the canal shall fall upon our posterity who are to enjoy it; and there is all the more reason for this view because the actual cost to date of the canal, which is now half done and which will be completed January 1, 1915, shows that the cost of engineering and construction will be $297,766,000, instead of $139,705,200, as originally estimated. In addition to engineering and construction, the other expenses, including sanitation and government, and the amount paid for the properties, the franchise, and the privilege of building the canal, increase the cost by $75,435,000, to a total of $375,201,000. The increase in the cost of engineering and construction is due to a substantial enlargement of the plan of construction by widening the canal 100 feet in the Culebra cut and by increasing the dimensions of the locks, to the underestimate of the quantity of the work to be done under the original plan, and to an underestimate of the cost of labor and materials both of which have greatly enhanced in price since the original estimate was made.

In order to avoid a deficit for the ensuing fiscal year, I directed the heads of Departments in the preparation of their estimates to make them as low as possible consistent with imperative governmental necessity. The result has been, as I am advised by the Secretary of the Treasury, that the estimates for the expenses of the Government for the next fiscal year ending June 30, 1911, are less than the appropriations for this current fiscal year by $42,818,000. So far as the Secretary of the Treasury is able to form a judgment as to future income, and compare it with the expenditures for the next fiscal year ending June 30, 1911, and excluding payments on account of the Panama Canal, which will doubtless be taken up by bonds, there will be a surplus of $35,931,000.

In the present estimates the needs of the Departments and of the Government have been cut to the quick, so to speak, and any assumption on the part of Congress, so often made in times past,

that the estimates have been prepared with the expectation that they may be reduced, will result in seriously hampering proper administration.

The Secretary of the Treasury points out what should be carefully noted in respect to this reduction in governmental expenses for the next fiscal year, that the economies are of two kinds—first, there is a saving in the permanent administration of the Departments, bureaus, and offices of the Government; and, second, there is a present reduction in expenses by a postponement of projects and improvements that ultimately will have to be carried out, but which are now delayed with the hope that additional revenue in the future will permit their execution without producing a deficit.

It has been impossible in the preparation of estimates greatly to reduce the cost of permanent administration. This can not be done without a thorough reorganization of bureaus, offices, and departments. For the purpose of securing information which may enable the executive and the legislative branches to unite in a plan for the permanent reduction of the cost of governmental administration, the Treasury Department has instituted an investigation by one of the most skilled expert accountants in the United States. The result of his work in two or three bureaus, which, if extended to the entire Government, must occupy two or more years, has been to show much room for improvement and opportunity for substantial reductions in the cost and increased efficiency of administration. The object of the investigation is to devise means to increase the average efficiency of each employee. There is great room for improvement toward this end, not only by the reorganization of bureaus and departments and in the avoidance of duplication, but also in the treatment of the individual employee.

Under the present system it constantly happens that two employees receive the same salary when the work of one is far more difficult and important and exacting than that of the other. Superior ability is not rewarded or encouraged. As the classification is now entirely by salary, an employee often rises to the highest class while doing the easiest work, for which alone he may be fitted. An investigation ordered by my predecessor resulted in the recommendation that the civil service be reclassified according to the kind of work, so that the work requiring most application and knowledge and ability shall receive most compensation. I believe such a change would be fairer to the whole force and would permanently improve the personnel of the service.

More than this, every reform directed toward the improvement in the average efficiency of government employees must depend on the ability of the Executive to eliminate from the government serv-

ice those who are inefficient from any cause, and as the degree of efficiency in all the Departments is much lessened by the retention of old employees who have outlived their energy and usefulness, it is indispensable to any proper system of economy that provision be made so that their separation from the service shall be easy and inevitable. It is impossible to make such provision unless there is adopted a plan of civil pensions.

Most of the great industrial organizations, and many of the well-conducted railways of this country, are coming to the conclusion that a system of pensions for old employees, and the substitution therefor of younger and more energetic servants, promotes both economy and efficiency of administration.

I am aware that there is a strong feeling in both Houses of Congress, and possibly in the country, against the establishment of civil pensions, and that this has naturally grown out of the heavy burden of military pensions, which it has always been the policy of our Government to assume; but I am strongly convinced that no other practical solution of the difficulties presented by the superannuation of civil servants can be found than that of a system of civil pensions.

The business and expenditures of the Government have expanded enormously since the Spanish war, but as the revenues have increased in nearly the same proportion as the expenditures until recently, the attention of the public, and of those responsible for the Government, has not been fastened upon the question of reducing the cost of administration. We can not, in view of the advancing prices of living, hope to save money by a reduction in the standard of salaries paid. Indeed, if any change is made in that regard, an increase rather than a decrease will be necessary; and the only means of economy will be in reducing the number of employees and in obtaining a greater average of efficiency from those retained in the service.

Close investigation and study needed to make definite recommendations in this regard will consume at least two years. I note with much satisfaction the organization in the Senate of a Committee on Public Expenditures, charged with the duty of conducting such an investigation, and I tender to that committee all the assistance which the executive branch of the Government can possibly render.

FRAUDS IN THE COLLECTION OF CUSTOMS.

I regret to refer to the fact of the discovery of extensive frauds in the collections of the customs revenue at New York City, in which a number of the subordinate employees in the weighing and other departments were directly concerned, and in which the bene-

ficiaries were the American Sugar Refining Company and others. The frauds consisted in the payment of duty on underweights of sugar. The Government has recovered from the American Sugar Refining Company all that it is shown to have been defrauded of. The sum was received in full of the amount due, which might have been recovered by civil suit against the beneficiary of the fraud, but there was an express reservation in the contract of settlement by which the settlement should not interfere with, or prevent the criminal prosecution of everyone who was found to be subject to the same.

Criminal prosecutions are now proceeding against a number of the Government officers. The Treasury Department and the Department of Justice are exerting every effort to discover all the wrongdoers, including the officers and employees of the companies who may have been privy to the fraud. It would seem to me that an investigation of the frauds by Congress at present, pending the probing by the Treasury Department and the Department of Justice, as proposed, might by giving immunity and otherwise prove an embarrassment in securing conviction of the guilty parties.

MAXIMUM AND MINIMUM CLAUSE IN TARIFF ACT.

Two features of the new tariff act call for special reference. By virtue of the clause known as the "Maximum and Minimum" clause, it is the duty of the Executive to consider the laws and practices of other countries with reference to the importation into those countries of the products and merchandise of the United States, and if the Executive finds such laws and practices not to be *unduly discriminatory* against the United States, the minimum duties provided in the bill are to go into force. Unless the President makes such a finding, then the maximum duties provided in the bill, that is, an increase of twenty-five per cent. *ad valorem* over the minimum duties, are to be in force. Fear has been expressed that this power conferred and duty imposed on the Executive is likely to lead to a tariff war. I beg to express the hope and belief that no such result need be anticipated.

The discretion granted to the Executive by the terms "unduly discriminatory" is wide. In order that the maximum duty shall be charged against the imports from a country, it is necessary that he shall find on the part of that country not only discriminations in its laws or the practice under them against the trade of the United States, but that the discriminations found shall be undue; that is, without good and fair reason. I conceive that this power was reposed in the President with the hope that the maximum duties might never be applied in any case, but that the power to

apply them would enable the President and the State Department through friendly negotiation to secure the elimination from the laws and the practice under them of any foreign country of that which is unduly discriminatory. No one is seeking a tariff war or a condition in which the spirit of retaliation shall be aroused.

USES OF THE NEW TARIFF BOARD.

The new tariff law enables me to appoint a tariff board to assist me in connection with the Department of State in the administration of the minimum and maximum clause of the act and also to assist officers of the Government in the administration of the entire law. An examination of the law and an understanding of the nature of the facts which should be considered in discharging the functions imposed upon the Executive show that I have the power to direct the tariff board to make a comprehensive glossary and encyclopedia of the terms used and articles embraced in the tariff law, and to secure information as to the cost of production of such goods in this country and the cost of their production in foreign countries. I have therefore appointed a tariff board consisting of three members and have directed them to perform all the duties above described. This work will perhaps take two or three years, and I ask from Congress a continuing annual appropriation equal to that already made for its prosecution. I believe that the work of this board will be of prime utility and importance whenever Congress shall deem it wise again to readjust the customs duties. If the facts secured by the tariff board are of such a character as to show generally that the rates of duties imposed by the present tariff law are excessive under the principles of protection as described in the platform of the successful party at the late election, I shall not hesitate to invite the attention of Congress to this fact and to the necessity for action predicated thereon. Nothing, however, halts business and interferes with the course of prosperity so much as the threatened revision of the tariff, and until the facts are at hand, after careful and deliberate investigation, upon which such revision can properly be undertaken, it seems to me unwise to attempt it. The amount of misinformation that creeps into arguments *pro* and *con* in respect to tariff rates is such as to require the kind of investigation that I have directed the tariff board to make, an investigation undertaken by it wholly without respect to the effect which the facts may have in calling for a readjustment of the rates of duty.

WAR DEPARTMENT.

In the interest of immediate economy and because of the prospect of a deficit, I have required a reduction in the estimates of

the War Department for the coming fiscal year, which brings the total estimates down to an amount forty-five millions less than the corresponding estimates for last year. This could only be accomplished by cutting off new projects and suspending for the period of one year all progress in military matters. For the same reason I have directed that the Army shall not be recruited up to its present authorized strength. These measures can hardly be more than temporary—to last until our revenues are in better condition and until the whole question of the expediency of adopting a definite military policy can be submitted to Congress, for I am sure that the interests of the military establishment are seriously in need of careful consideration by Congress. The laws regulating the organization of our armed forces in the event of war need to be revised in order that the organization can be modified so as to produce a force which would be more consistently apportioned throughout its numerous branches. To explain the circumstances upon which this opinion is based would necessitate a lengthy discussion, and I postpone it until the first convenient opportunity shall arise to send to Congress a special message upon this subject.

The Secretary of War calls attention to a number of needed changes in the Army in all of which I concur, but the point upon which I place most emphasis is the need for an elimination bill providing a method by which the merits of officers shall have some effect upon their advancement and by which the advancement of all may be accelerated by the effective elimination of a definite proportion of the least efficient. There are in every army, and certainly in ours, a number of officers who do not violate their duty in any such way as to give reason for a court-martial or dismissal, but who do not show such aptitude and skill and character for high command as to justify their remaining in the active service to be Promoted. Provision should be made by which they may be retired on a certain proportion of their pay, increasing with their length of service at the time of retirement. There is now a personnel law for the Navy which itself needs amendment and to which I shall make further reference. Such a law is needed quite as much for the Army.

The coast defenses of the United States proper are generally all that could be desired, and in some respects they are rather more elaborate than under present conditions are needed to stop an enemy's fleet from entering the harbors defended. There is, however, one place where additional defense is badly needed, and that is at the mouth of Chesapeake Bay, where it is proposed to make an artificial island for a fort which shall prevent an enemy's fleet from entering this most important strategical base of operations on the

whole Atlantic and Gulf coasts. I hope that appropriate legislation will be adopted to secure the construction of this defense.

The military and naval joint board have unanimously agreed that it would be unwise to make the large expenditures which at one time were contemplated in the establishment of a naval base and station in the Philippine Islands, and have expressed their judgment, in which I fully concur, in favor of making an extensive naval base at Pearl Harbor, near Honolulu, and not in the Philippines. This does not dispense with the necessity for the comparatively small appropriations required to finish the proper coast defenses in the Philippines now under construction on the island of Corregidor and elsewhere or to complete a suitable repair station and coaling supply station at Olongapo, where is the floating dock "Dewey." I hope that this recommendation of the joint board will end the discussion as to the comparative merits of Manila Bay and Olongapo as naval stations, and will lead to prompt measures for the proper equipment and defense of Pearl Harbor.

THE NAVY.

The return of the battle-ship fleet from its voyage around the world, in more efficient condition than when it started, was a noteworthy event of interest alike to our citizens and the naval authorities of the world. Besides the beneficial and far-reaching effect on our personal and diplomatic relations in the countries which the fleet visited, the marked success of the ships in steaming around the world in all weathers on schedule time has increased respect for our Navy and has added to our national prestige.

Our enlisted personnel recruited from all sections of the country is young and energetic and representative of the national spirit. It is, moreover, owing to its intelligence, capable of quick training into the modern man-of-warsman. Our officers are earnest and zealous in their profession, but it is a regrettable fact that the higher officers are old for the responsibilities of the modern navy, and the admirals do not arrive at flag rank young enough to obtain adequate training in their duties as flag officers. This need for reform in the Navy has been ably and earnestly presented to Congress by my predecessor, and I also urgently recommend the subject for consideration.

Early in the coming session a comprehensive plan for the reorganization of the officers of all corps of the Navy will be presented to Congress, and I hope it will meet with action suited to its urgency.

Owing to the necessity for economy in expenditures, I have directed the curtailment of recommendations for naval appropriations so that they are thirty-eight millions less than the correspond-

ing estimates of last year, and the request for new naval construction is limited to two first-class battle ships and one repair vessel.

The use of a navy is for military purposes, and there has been found need in the Department of a military branch dealing directly with the military use of the fleet. The Secretary of the Navy has also felt the lack of responsible advisers to aid him in reaching conclusions and deciding important matters between coordinate branches of the Department. To secure these results he has inaugurated a tentative plan involving certain changes in the organization of the Navy Department, including the navy-yards, all of which have been found by the Attorney-General to be in accordance with law. I have approved the execution of the plan proposed because of the greater efficiency and economy it promises.

The generosity of Congress has provided in the present Naval Observatory the most magnificent and expensive astronomical establishment in the world. It is being used for certain naval purposes which might easily and adequately be subserved by a small division connected with the Naval Department at only a fraction of the cost of the present Naval Observatory. The official Board of Visitors established by Congress and appointed in 1901 expressed its conclusion that the official head of the observatory should be an eminent astronomer appointed by the President by and with the advice and consent of the Senate, holding his place by a tenure at least as permanent as that of the Superintendent of the Coast Survey or the head of the Geological Survey, and not merely by a detail of two or three years' duration. I fully concur in this judgment, and urge a provision by law for the appointment of such a director.

It may not be necessary to take the observatory out of the Navy Department and put it into another department in which opportunity for scientific research afforded by the observatory would seem to be more appropriate, though I believe such a transfer in the long run is the best policy. I am sure, however, I express the desire of the astronomers and those learned in the kindred sciences when I urge upon Congress that the Naval Observatory be now dedicated to science under control of a man of science who can, if need be, render all the service to the Navy Department which this observatory now renders, and still furnish to the world the discoveries in astronomy that a great astronomer using such a plant would be likely to make.

DEPARTMENT OF JUSTICE.

EXPEDITION IN LEGAL PROCEDURE

The deplorable delays in the administration of civil and criminal law have received the attention of committees of the American Bar Association and of many State Bar Associations, as well as the con-

sidered thought of judges and jurists. In my judgment, a change in judicial procedure, with a view to reducing its expense to private litigants in civil cases and facilitating the dispatch of business and final decision in both civil and criminal cases, constitutes the greatest need in our American institutions. I do not doubt for one moment that much of the lawless violence and cruelty exhibited in lynchings is directly due to the uncertainties and injustice growing out of the delays in trials, judgments, and the executions thereof by our courts. Of course these remarks apply quite as well to the administration of justice in State courts as to that in Federal courts, and without making invidious distinction it is perhaps not too much to say that, speaking generally, the defects are less in the Federal courts than in the State courts. But they are very great in the Federal courts. The expedition with which business is disposed of both on the civil and the criminal side of English courts under modern rules of procedure makes the delays in our courts seem archaic and barbarous. The procedure in the Federal courts should furnish an example for the State courts. I presume it is impossible, without an amendment to the Constitution, to unite under one form of action the proceedings at common law and proceedings in equity in the Federal courts, but it is certainly not impossible by a statute to simplify and make short and direct the procedure both at law and in equity in those courts. It is not impossible to cut down still more than it is cut down, the jurisdiction of the Supreme Court so as to confine it almost wholly to statutory and constitutional questions. Under the present statutes the equity and admiralty procedure in the Federal courts is under the control of the Supreme Court, but in the pressure of business to which that court is subjected, it is impossible to hope that a radical and proper reform of the Federal equity procedure can be brought about. I therefore recommend legislation providing for the appointment by the President of a commission with authority to examine the law and equity procedure of the Federal courts of first instance, the law of appeals from those courts to the courts of appeals and to the Supreme Court, and the costs imposed in such procedure upon the private litigants and upon the public treasury and make recommendation with a view to simplifying and expediting the procedure as far as possible and making it as inexpensive as may be to the litigant of little means.

INJUNCTIONS WITHOUT NOTICE.

The platform of the successful party in the last election contained the following:

"The Republican party will uphold at all times the authority and integrity of the courts, State and Federal, and will ever insist

that their powers to enforce their process and to protect life, liberty, and property shall be preserved inviolate. We believe, however, that the rules of procedure in the Federal courts with respect to the issuance of the writ of injunction should be more accurately defined by statute, and that no injunction or temporary restraining order should be issued without notice, except where irreparable injury would result from delay, in which case a speedy hearing thereafter should be granted."

I recommend that in compliance with the promise thus made, appropriate legislation be adopted. The ends of justice will best be met and the chief cause of complaint against ill-considered injunctions without notice will be removed by the enactment of a statute forbidding hereafter the issuing of any injunction or restraining order, whether temporary or permanent, by any Federal court, without previous notice and a reasonable opportunity to be heard on behalf of the parties to be enjoined; unless it shall appear to the satisfaction of the court that the delay necessary to give such notice and hearing would result in irreparable injury to the complainant and unless also the court shall from the evidence make a written finding, which shall be spread upon the court minutes, that immediate and irreparable injury is likely to ensue to the complainant, and shall define the injury, state why it is irreparable, and shall also endorse on the order issued the date and the hour of the issuance of the order. Moreover, every such injunction or restraining order issued without previous notice and opportunity by the defendant to be heard should by force of the statute expire and be of no effect after seven days from the issuance thereof or within any time less than that period which the court may fix, unless within such seven days or such less period, the injunction or order is extended or renewed after previous notice and opportunity to be heard.

My judgment is that the passage of such an act which really embodies the best practice in equity and is very like the rule now in force in some courts will prevent the issuing of ill-advised orders of injunction without notice and will render such orders when issued much less objectionable by the short time in which they may remain effective.

ANTI-TRUST AND INTERSTATE COMMERCE LAWS.

The jurisdiction of the General Government over interstate commerce has led to the passage of the so-called "Sherman Anti-trust Law" and the "Interstate Commerce Law" and its amendments. The developments in the operation of those laws, as shown by indictments, trials, judicial decisions, and other sources of information, call for a discussion and some suggestions as to amendments.

These I prefer to embody in a special message instead of including them in the present communication, and I shall avail myself of the first convenient opportunity to bring these subjects to the attention of Congress.

JAIL OF THE DISTRICT OF COLUMBIA.

My predecessor transmitted to the Congress a special message on January 11, 1909, accompanying the report of Commissioners theretofore appointed to investigate the jail, workhouse, etc., in the District of Columbia, in which he directed attention to the report as setting forth vividly, "the really outrageous conditions in the workhouse and jail."

The Congress has taken action in pursuance of the recommendations of that report and of the President, to the extent of appropriating funds and enacting the necessary legislation for the establishment of a workhouse and reformatory. No action, however, has been taken by the Congress with respect to the jail, the conditions of which are still antiquated and insanitary. I earnestly recommend the passage of a sufficient appropriation to enable a thorough remodeling of that institution to be made without delay. It is a reproach to the National Government that almost under the shadow of the Capitol Dome prisoners should be confined in a building destitute of the ordinary decent appliances requisite to cleanliness and sanitary conditions.

POST-OFFICE DEPARTMENT.

SECOND-CLASS MAIL MATTER.

The deficit every year in the Post-Office Department is largely caused by the low rate of postage of 1 cent a pound charged on second-class mail matter, which includes not only newspapers, but magazines and miscellaneous periodicals. The actual loss growing out of the transmission of this second-class mail matter at 1 cent a pound amounts to about $63,000,000 a year. The average cost of the transportation of this matter is more than 9 cents a pound.

It appears that the average distance over which newspapers are delivered to their customers is 291 miles, while the average haul of magazines is 1,049, and of miscellaneous periodicals 1,128 miles. Thus, the average haul of the magazine is three and one-half times and that of the miscellaneous periodical nearly four times the haul of the daily newspaper, yet all of them pay the same postage rate of 1 cent a pound. The statistics of 1907 show that second-class mail matter constituted 63.91 per cent. of the weight of all the mail, and yielded only 5.19 per cent. of the revenue.

The figures given are startling, and show the payment by the Government of an enormous subsidy to the newspapers, magazines,

and periodicals, and Congress may well consider whether radical steps should not be taken to reduce the deficit in the Post-Office Department caused by this discrepancy between the actual cost of transportation and the compensation exacted therefor.

A great saving might be made, amounting to much more than half of the loss, by imposing upon magazines and periodicals a higher rate of postage. They are much heavier than newspapers, and contain a much higher proportion of advertising to reading matter, and the average distance of their transportation is three and a half times as great.

The total deficit for the last fiscal year in the Post-Office Department amounted to $17,500,000. The branches of its business which it did at a loss were the second-class mail service, in which the loss, as already said, was $63,000,000, and the free rural delivery, in which the loss was $28,000,000. These losses were in part offset by the profits of the letter postage and other sources of income. It would seem wise to reduce the loss upon second-class mail matter, at least to the extent of preventing a deficit in the total operations of the Post-Office.

I commend the whole subject to Congress, not unmindful of the spread of intelligence which a low charge for carrying newspapers and periodicals assists. I very much doubt, however, the wisdom of a policy which constitutes so large a subsidy and requires additional taxation to meet it.

POSTAL SAVINGS BANKS.

The second subject worthy of mention in the Post-Office Department is the real necessity and entire practicability of establishing postal savings banks. The successful party at the last election declared in favor of postal savings banks, and although the proposition finds opponents in many parts of the country, I am convinced that the people desire such banks, and am sure that when the banks are furnished they will be productive of the utmost good. The postal savings banks are not constituted for the purpose of creating competition with other banks. The rate of interest upon deposits to which they would be limited would be so small as to prevent their drawing deposits away from other banks.

I believe them to be necessary in order to offer a proper inducement to thrift and saving to a great many people of small means who do not now have banking facilities, and to whom such a system would offer an opportunity for the accumulation of capital. They will furnish a satisfactory substitute, based on sound principle and actual successful trial in nearly all the countries of the world, for the system of government guaranty of deposits now being adopted

in several western States, which with deference to those who advocate it seems to me to have in it the seeds of demoralization to conservative banking and certain financial disaster.

The question of how the money deposited in postal savings banks shall be invested is not free from difficulty, but I believe that a satisfactory provision for this purpose was inserted as an amendment to the bill considered by the Senate at its last session. It has been proposed to delay the consideration of legislation establishing a postal savings bank until after the report of the Monetary Commission. This report is likely to be delayed, and properly so, because of the necessity for careful deliberation and close investigation. I do not see why the one should be tied up with the other. It is understood that the Monetary Commission have looked into the systems of banking which now prevail abroad, and have found that by a control there exercised in respect to reserves and the rates of exchange by some central authority panics are avoided. It is not apparent that a system of postal savings banks would in any way interfere with a change to such a system here. Certainly in most of the countries of Europe where control is thus exercised by a central authority, postal savings banks exist and are not thought to be inconsistent with a proper financial and banking system.

SHIP SUBSIDY.

Following the course of my distinguished predecessor, I earnestly recommend to Congress the consideration and passage of a ship subsidy bill, looking to the establishment of lines between our Atlantic seaboard and the eastern coast of South America, as well as lines from the west coast of the United States to South America. China, Japan, and the Philippines. The profits on foreign mails are perhaps a sufficient measure of the expenditures which might first be tentatively applied to this method of inducing American capital to undertake the establishment of American lines of steamships in those directions in which we now feel it most important that we should have means of transportation controlled in the interest of the expansion of our trade. A bill of this character has once passed the House and more than once passed the Senate, and I hope that at this session a bill framed on the same lines and with the same purposes may become a law.

INTERIOR DEPARTMENT.

NEW MEXICO AND ARIZONA.

The successful party in the last election in its national platform declared in favor of the admission as separate States of New Mexico and Arizona, and I recommend that legislation appropriate to

this end be adopted. I urge, however, that care be exercised in the preparation of the legislation affecting each Territory to secure deliberation in the selection of persons as members of the convention to draft a constitution for the incoming State, and I earnestly advise that such constitution after adoption by the convention shall be submitted to the people of the Territory for their approval at an election in which the sole issue shall be the merits of the proposed constitution, and if the constitution is defeated by popular vote means shall be provided in the enabling act for a new convention and the drafting of a new constitution. I think it vital that the issue as to the merits of the constitution should not be mixed up with the selection of State officers, and that no election of State officers should be had until after the constitution has been fully approved and finally settled upon.

ALASKA.

With respect to the Territory of Alaska, I recommend legislation which shall provide for the appointment by the President of a governor and also of an executive council, the members of which shall during their term of office reside in the Territory, and which shall have legislative powers sufficient to enable it to give to the Territory local laws adapted to its present growth. I strongly deprecate legislation looking to the election of a Territorial legislature in that vast district. The lack of permanence of residence of a large part of the present population and the small number of the people who either permanently or temporarily reside in the district as compared with its vast expanse and the variety of the interests that have to be subserved, make it altogether unfitting in my judgment to provide for a popular election of a legislative body. The present system is not adequate and does not furnish the character of local control that ought to be there. The only compromise it seems to me which may give needed local legislation and secure a conservative government is the one I propose.

CONSERVATION OF NATIONAL RESOURCES.

In several Departments there is presented the necessity for legislation looking to the further conservation of our national resources, and the subject is one of such importance as to require a more detailed and extended discussion than can be entered upon in this communication. For that reason I shall take an early opportunity to send a special message to Congress on the subject of the improvement of our waterways, upon the reclamation and irrigation of arid, semiarid, and swamp lands; upon the preservation of our forests and the reforesting of suitable areas; upon the reclassifica-

tion of the public domain with a view of separating from agricultural settlement mineral, coal, and phosphate lands and sites belonging to the Government bordering on streams suitable for the utilization of water power.

DEPARTMENT OF AGRICULTURE.

I commend to your careful consideration the report of the Secretary of Agriculture as showing the immense sphere of usefulness which that Department now fills and the wonderful addition to the wealth of the nation made by the farmers of this country in the crops of the current year.

DEPARTMENT OF COMMERCE AND LABOR.

THE LIGHT-HOUSE BOARD.

The Light-House Board now discharges its duties under the Department of Commerce and Labor. For upwards of forty years this Board has been constituted of military and naval officers and two or three men of science, with such an absence of a duly constituted executive head that it is marvelous what work has been accomplished. In the period of construction the energy and enthusiasm of all the members prevented the inherent defects of the system from interfering greatly with the beneficial work of the Board, but now that the work is chiefly confined to maintenance and repair, for which purpose the country is divided into sixteen districts, to which are assigned an engineer officer of the Army and an inspector of the Navy, each with a light-house tender and the needed plant for his work, it has become apparent by the frequent friction that arises, due to the absence of any central independent authority, that there must be a complete reorganization of the Board. I concede the advantage of keeping in the system the rigidity of discipline that the presence of naval and military officers in charge insures, but unless the presence of such officers in the Board can be made consistent with a responsible executive head that shall have proper authority, I recommend the transfer of control over the light-houses to a suitable civilian bureau. This is in accordance with the judgment of competent persons who are familiar with the workings of the present system. I am confident that a reorganization can be effected which shall avoid the recurrence of friction between members, instances of which have been officially brought to my attention, and that by such reorganization greater efficiency and a substantial reduction in the expense of operation can be brought about.

CONSOLIDATION OF BUREAUS.

I request Congressional authority to enable the Secretary of Commerce and Labor to unite the Bureaus of Manufactures and Statis-

tics. This was recommended by a competent committee appointed in the previous administration for the purpose of suggesting changes in the interest of economy and efficiency, and is requested by the Secretary.

THE WHITE SLAVE TRADE.

I greatly regret to have to say that the investigations made in the Bureau of Immigration and other sources of information lead to the view that there is urgent necessity for additional legislation and greater executive activity to suppress the recruiting of the ranks of prostitutes from the streams of immigration into this country—an evil which, for want of a better name, has been called "The White Slave Trade." I believe it to be constitutional to forbid, under penalty, the transportation of persons for purposes of prostitution across national and state lines; and by appropriating a fund of $50,000 to be used by the Secretary of Commerce and Labor for the employment of special inspectors it will be possible to bring those responsible for this trade to indictment and conviction under a federal law.

BUREAU OF HEALTH.

For a very considerable period a movement has been gathering strength, especially among the members of the medical profession, in favor of a concentration of the instruments of the National Government which have to do with the promotion of public health. In the nature of things, the Medical Department of the Army and the Medical Department of the Navy must be kept separate. But there seems to be no reason why all the other bureaus and offices in the General Government which have to do with the public health or subjects akin thereto should not be united in a bureau to be called the "Bureau of Public Health." This would necessitate the transfer of the Marine-Hospital Service to such a bureau. I am aware that there is wide field in respect to the public health committed to the States in which the Federal Government can not exercise jurisdiction, but we have seen in the Agricultural Department the expansion into widest usefulness of a department giving attention to agriculture when that subject is plainly one over which the States properly exercise direct jurisdiction. The opportunities offered for useful research and the spread of useful information in regard to the cultivation of the soil and the breeding of stock and the solution of many of the intricate problems in progressive agriculture have demonstrated the wisdom of establishing that department. Similar reasons, of equal force, can be given for the establishment of a bureau of health that shall not only exercise the police jurisdiction

of the Federal Government respecting quarantine, but which shall also afford an opportunity for investigation and research by competent experts into questions of health affecting the whole country, or important sections thereof, questions which, in the absence of Federal governmental work, are not likely to be promptly solved.

CIVIL SERVICE COMMISSION.

The work of the United States Civil Service Commission has been performed to the general satisfaction of the executive officers with whom the Commission has been brought into official communication. The volume of that work and its variety and extent have under new laws, such as the Census Act, and new Executive orders, greatly increased. The activities of the Commission required by the statutes have reached to every portion of the public domain.

The accommodations of the Commission are most inadequate for its needs. I call your attention to its request for increase in those accommodations as will appear from the annual report for this year.

POLITICAL CONTRIBUTIONS.

I urgently recommend to Congress that a law be passed requiring that candidates in elections of Members of the House of Representatives, and committees in charge of their candidacy and campaign, file in a proper office of the United States Government a statement of the contributions received and of the expenditures incurred in the campaign for such elections and that similar legislation be enacted in respect to all other elections which are constitutionally within the control of Congress

FREEDMAN'S SAVINGS AND TRUST COMPANY.

Recommendations have been made by my predecessors that Congress appropriate a sufficient sum to pay the balance—about 38 per cent.—of the amounts due depositors in the Freedman's Savings and Trust Company. I renew this recommendation, and advise also that a proper limitation be prescribed fixing a period within which the claims may be presented, that assigned claims be not recognized, and that a limit be imposed on the amount of fees collectible for services in presenting such claims.

SEMI-CENTENNIAL OF NEGRO FREEDOM.

The year 1913 will mark the fiftieth anniversary of the issuance of the Emancipation Proclamation granting freedom to the negroes.

It seems fitting that this event should be properly celebrated. Already a movement has been started by prominent negroes, encouraged by prominent white people and the press. The South especially is manifesting its interest in this movement.

It is suggested that a proper form of celebration would be an exposition to show the progress the negroes have made, not only during their period of freedom, but also from the time of their coming to this country.

I heartily indorse this proposal, and request that the Executive be authorized to appoint a preliminary commission of not more than seven persons to consider carefully whether or not it is wise to hold such an exposition, and if so, to outline a plan for the enterprise. I further recommend that such preliminary commission serve without salary, except as to their actual expenses, and that an appropriation be made to meet such expenses.

CONCLUSION.

I have thus, in a message compressed as much as the subjects will permit, referred to many of the legislative needs of the country, with the exceptions already noted. Speaking generally, the country is in a high state of prosperity. There is every reason to believe that we are on the eve of a substantial business expansion, and we have just garnered a harvest unexampled in the market value of our agricultural products. The high prices which such products bring mean great prosperity for the farming community, but on the other hand they mean a very considerably increased burden upon those classes in the community whose yearly compensation does not expand with the improvement in business and the general prosperity. Various reasons are given for the high prices. The proportionate increase in the output of gold, which to-day is the chief medium of exchange and is in some respects a measure of value, furnishes a substantial explanation of at least a part of the increase in prices. The increase in population and the more expensive mode of living of the people, which have not been accompanied by a proportionate increase in acreage production, may furnish a further reason. It is well to note that the increase in the cost of living is not confined to this country, but prevails the world over, and that those who would charge increases in prices to the existing protective tariff must meet the fact that the rise in prices has taken place almost wholly in those products of the factory and farm in respect to which there has been either no increase in the tariff or in many instances a very considerable reduction.

WILLIAM H. TAFT.

SPECIAL MESSAGE.

THE WHITE HOUSE, *January 7, 1910.*

To the Senate and House of Representatives:

I withheld from my annual message a discussion of needed legislation under the authority which Congress has to regulate commerce between the States and with foreign countries and said that I would bring this subject-matter to your attention later in the session. Accordingly, I beg to submit to you certain recommendations as to the amendments to the interstate-commerce law and certain considerations arising out of the operations of the antitrust law suggesting the wisdom of federal incorporation of industrial companies.

INTERSTATE-COMMERCE LAW.

In the annual report of the Interstate Commerce Commission for the year 1908 attention is called to the fact that between July 1, 1908, and the close of that year sixteen suits had been begun to set aside orders of the commission (besides one commenced before that date), and that few orders of much consequence had been permitted to go without protest; that the questions presented by these various suits were fundamental, as the constitutionality of the act itself was in issue, and the right of Congress to delegate to any tribunal authority to establish an interstate rate was denied; but that perhaps the most serious practical question raised concerned the extent of the right of the courts to review the orders of the commission; and it was pointed out that if the contention of the carriers in this latter respect alone were sustained, but little progress had been made in the Hepburn Act toward the effective regulation of interstate transportation charges. In twelve of the cases referred to, it was stated, preliminary injunctions were prayed for, being granted in six and refused in six.

"It has from the first been well understood," says the commission, "that the success of the present act as a regulating measure depended largely upon the facility with which temporary injunctions could be obtained. If a railroad company, by mere allegation in its bill of complaint, supported by ex parte affidavits, can overturn the result of days of patient investigation, no very satisfactory result can be expected. The railroad loses nothing by these proceedings, since if they fail it can only be required to establish the rate and to pay to shippers the difference between the higher rate collected and the rate which is finally held to be reasonable. In point of fact it usually profits, because it can seldom be required to return more than a fraction of the excess charges collected."

In its report for the year 1909, the commission shows that of the seventeen cases referred to in its 1908 report, only one had been decided in the Supreme Court of the United States, although five other cases had been argued and submitted to that tribunal in October, 1909.

Of course, every carrier affected by an order of the commission has a constitutional right to appeal to a federal court to protect it from the enforcement of an order which it may show to be *prima facie* confiscatory or unjustly discriminatory in its effect; and as this application may be made to a court in any district of the United States, not only does delay result in the enforcement of the order, but great uncertainty is caused by contrariety of decision. The questions presented by these applications are too often technical in their character and require a knowledge of the business and the mastery of a great volume of conflicting evidence which is tedious to examine and troublesome to comprehend. It would not be proper to attempt to deprive any corporation of the right to the review by a court of any order or decree which, if undisturbed, would rob it of a reasonable return upon its investment or would subject it to burdens which would unjustly discriminate against it and in favor of other carriers similarly situated. What is, however, of supreme importance is that the decision of such questions shall be as speedy as the nature of the circumstances will admit, and that a uniformity of decision be secured so as to bring about an effective, systematic, and scientific enforcement of the commerce law, rather than conflicting decisions and uncertainty of final result.

For this purpose I recommend the establishment of a court of the United States composed of five judges designated for such purpose from among the circuit judges of the United States, to be known as the "United States Court of Commerce," which court shall be clothed with exclusive original jurisdiction over the following classes of cases:

(1) All cases for the enforcement, otherwise than by adjudication and collection of a forfeiture or penalty, or by infliction of criminal punishment, of any order of the Interstate Commerce Commission other than for the payment of money.

(2) All cases brought to enjoin, set aside, annul or suspend any order or requirement of the Interstate Commerce Commission.

(3) All such cases as under section 3 of the act of February 19, 1903, known as the "Elkins Act," are authorized to be maintained in a circuit court of the United States.

(4) All such mandamus proceedings as under the provisions of section 20 or section 23 of the interstate commerce law are authorized to be maintained in a circuit court of the United States.

Reasons precisely analogous to those which induced the Congress to create the Court of Customs Appeals by the provisions in the tariff

act of August 5, 1909, may be urged in support of the creation of the Commerce Court.

In order to provide a sufficient number of judges to enable this court to be constituted, it will be necessary to authorize the appointment of five additional circuit judges, who, for the purposes of appointment, might be distributed to those circuits where there is at the present time the largest volume of business, such as the second, third, fourth, seventh, and eighth circuits. The act should empower the Chief Justice at any time when the business of the Court of Commerce does not require the services of all the judges to reassign the judges designated to that court to the circuits to which they respectively belong; and it should also provide for payment to such judges while sitting by assignment in the Court of Commerce of such additional amount as is necessary to bring their annual compensation up to $10,000.

The regular sessions of such court should be held at the capital, but it should be empowered to hold sessions in different parts of the United States if found desirable; and its orders and judgments should be made final, subject only to review by the Supreme Court of the United States, with the provision that the operation of the decree appealed from shall not be stayed unless the Supreme Court shall so order. The Commerce Court should be empowered in its discretion to restrain or suspend the operation of an order of the Interstate Commerce Commission under review pending the final hearing and determination of the proceeding, but no such restraining order should be made except upon notice and after hearing, unless in cases where irreparable damage would otherwise ensue to the petitioner. A judge of that court might be empowered to allow a stay of the commission's order for a period of not more than sixty days, but pending application to the court for its order or injunction, then only where his order shall contain a specific finding based upon evidence submitted to the judge making the order and identified by reference thereto, that such irreparable damage would result to the petitioner, specifying the nature of the damage.

Under the existing law, the Interstate Commerce Commission itself initiates and defends litigation in the courts for the enforcement, or in the defense, of its orders and decrees, and for this purpose it employs attorneys who, while subject to the control of the Attorney-General, act upon the initiative and under the instructions of the commission. This blending of administrative, legislative, and judicial functions tends, in my opinion, to impair the efficiency of the commission by clothing it with partisan characteristics and robbing it of the impartial judicial attitude it should occupy in passing upon questions submitted to it. In my opinion all litigation affecting the Government

should be under the direct control of the Department of Justice; and I, therefore, recommend that all proceedings affecting orders and decrees of the Interstate Commerce Commission be brought by or against the United States *eo nomine,* and be placed in charge of an Assistant Attorney-General acting under the direction of the Attorney-General.

The subject of agreements between carriers with respect to rates has been often discussed in Congress. Pooling arrangements and agreements were condemned by the general sentiment of the people, and, under the Sherman antitrust law, any agreement between carriers operating in restraint of interstate or international trade or commerce would be unlawful. The Republican platform of 1908 expressed the belief that the interstate-commerce law should be further amended so as to give the railroads the right to make and publish traffic agreements subject to the approval of the commission, but maintaining always the principle of competition between naturally competing lines and avoiding the common control of such lines by any means whatsoever. In view of the complete control over rate-making and other practices of interstate carriers established by the acts of Congress and as recommended in this communication, I see no reason why agreements between carriers subject to the act, specifying the classifications of freight and the rates, fares, and charges for transportation of passengers and freight which they may agree to establish, should not be permitted, provided, copies of such agreements be promptly filed with the commission, but subject to all the provisions of the interstate-commerce act, subject to the right of any parties to such agreement to cancel it as to all or any of the agreed rates, fares, charges, or classifications by thirty days' notice in writing to the other parties and to the commission.

Much complaint is made by shippers over the state of the law under which they are held bound to know the legal rate applicable to any proposed shipment, without, as a matter of fact, having any certain means of actually ascertaining such rate. It has been suggested that to meet this grievance carriers should be required, upon application by a shipper, to quote the legal rate in writing, and that the shipper should be protected in acting upon the rate thus quoted; but the objection to this suggestion is that it would afford a much too easy method of giving to favored shippers unreasonable preferences and rebates. I think that the law should provide that a carrier, upon written request by an intending shipper, should quote in writing the rate or charge applicable to the proposed shipment under any schedules or tariffs to which such carrier is a party, and that if the party making such request shall suffer damage in consequence of either refusal or omission to quote the proper rate, or in consequence of a

misstatement of the rate, the carrier shall be liable to a penalty in some reasonable amount, say two hundred and fifty dollars, to accrue to the United States and to be recovered in a civil action brought by the appropriate district attorney. Such a penalty would compel the agent of the carrier to exercise due diligence in quoting the applicable legal rate, and would thus afford the shipper a real measure of protection, while not opening the way to collusion and the giving of rebates or other unfair discrimination.

Under the existing law the commission can only act with respect to an alleged excessive rate or unduly discriminatory practice by a carrier on a complaint made by some individual affected thereby. I see no reason why the commission should not be authorized to act on its own initiative as well as upon the complaint of an individual in investigating the fairness of any existing rate or practice; and I recommend the amendment of the law to so provide; and also that the commission shall be fully empowered, beyond any question, to pass upon the classifications of commodities for purposes of fixing rates, in like manner as it may now do with respect to the maximum rate applicable to any transportation.

Under the existing law the commission may not investigate an increase in rates until after it shall have become effective; and although one or more carriers may file with the commission a proposed increase in rates or change in classifications, or other alteration of the existing rates or classifications, to become effective at the expiration of thirty days from such filing, no proceeding can be taken to investigate the reasonableness of such proposed change until after it becomes operative. On the other hand, if the commission shall make an order finding that an existing rate is excessive and directing it to be reduced, the carrier affected may by proceedings in the courts stay the operation of such order of reduction for months and even years. It has, therefore, been suggested that the commission should be empowered, whenever a proposed increase in rates is filed, at once to enter upon an investigation of the reasonableness of the increase and to make an order postponing the effective date of such increase until after such investigation shall be completed. To this much objection has been made on the part of carriers. They contend that this would be, in effect, to take from the owners of the railroads the management of their properties and to clothe the Interstate Commerce Commission with the original rate-making power—a policy which was much discussed at the time of the passage of the Hepburn Act in 1905–6, and which was then and has always been distinctly rejected; and in reply to the suggestion that they are able by resorting to the courts to stay the taking effect of the order of the commission until its reasonableness shall have been investigated by the courts, whereas the people are deprived of any

such remedy with respect to action by the carriers, they point to the provision of the interstate-commerce act providing for restitution to the shippers by carriers of excessive rates charged in cases where the order of the commission reducing such rates are affirmed. It may be doubted how effective this remedy really is. Experience has shown that many, perhaps, most, shippers do not resort to proceedings to recover the excessive rates which they may have been required to pay, for the simple reason that they have added the rates paid to the cost of the goods and thus enhanced the price thereof to their customers, and that the public has in effect paid the bill. On the other hand, the enormous volume of transportation charges, the great number of separate tariffs filed annually with the Interstate Commerce Commission, amounting to almost 200,000, and the impossibility of any commission supervising the making of tariffs in advance of their becoming effective on every transportation line within the United States to the extent that would be necessary if their active concurrence were required in the making of every tariff, has satisfied me that this power, if granted, should be conferred in a very limited and restricted form. I, therefore, recommend that the Interstate Commerce Commission be empowered whenever any proposed increase of rates is filed, at once, either on complaint or of its own motion, to enter upon an investigation into the reasonableness of such change, and that it be further empowered, in its discretion, to postpone the effective date of such proposed increase for a period not exceeding sixty days beyond the date when such rate would take effect. If within this time it shall determine that such increase is unreasonable, it may then, by its order, either forbid the increase at all or fix the maximum beyond which it shall not be made. If, on the other hand, at the expiration of this time, the commission shall not have completed its investigation, then the rate shall take effect precisely as it would under the existing law, and the commission may continue its investigation with such results as might be realized under the law as it now stands.

The claim is very earnestly advanced by some large associations of shippers that shippers of freight should be empowered to direct the route over which their shipments should pass to destination, and in this connection it has been urged that the provisions of section 15 of the interstate-commerce act, which now empowers the commission, after hearing on complaint, to establish through routes and maximum joint rates to be charged, etc., when no reasonable or satisfactory through route shall have been already established, be amended so as to empower the commission to take such action, even when one existing reasonable and satisfactory route already exists, if it be possible to establish additional routes. This seems to me to be a reasonable provision. I know of no reason why a shipper should not have the

THE COAL LANDS OF ALASKA

THE COAL FIELDS OF ALASKA

On pages 7915 and 7942, President Taft discusses the acreage, classification, valuation and disposition of the coal deposits in Alaska. This subject has been the target of so much unintelligent but vigorous talking that it is a distinct pleasure to read the President's calm, measured and business-like presentation of the case. His recommendation that the lands be leased by the Federal Government, if adopted, would mark a radical departure from our past policy in the Administration of the public lands. The articles, "Taft, William H., Administration of," "Conservation Commission," and "Land, Public," in the encyclopedic index (volume eleven), cover other phases of the broad subject of Conservation.

The upper panel shows the coal mountains, with the deposits exposed to the air. The center panel, showing the Keystone Canyon, will illustrate President Taft's references to transportation difficulties. The lower view of Sitka shows the present method of conveying supplies in the territory—by pack train.

right to elect between two or more established through routes to which the initial carrier may be a party, and to require his shipment to be transported to destination over such of such routes as he may designate for that purpose, subject, however, in the exercise of this right to such reasonable regulations as the Interstate Commerce Commission may prescribe.

The Republican platform of 1908 declared in favor of amending the interstate-commerce law, but so as always to maintain the principle of competition between naturally competing lines, and avoiding the common control of such lines by any means whatsover. One of the most potent means of exercising such control has been through the holding of stock of one railroad company by another company owning a competing line. This condition has grown up under express legislative power conferred by the laws of many States, and to attempt now to suddenly reverse that policy so far as it affects the ownership of stocks heretofore so acquired, would be to inflict a grievous injury, not only upon the corporations affected but upon a large body of the investment holding public. I, however, recommend that the law shall be amended so as to provide that from and after the date of its passage no railroad company subject to the interstate-commerce act shall, directly or indirectly, acquire any interests of any kind in capital stock, or purchase or lease any railroad of any other corporation which competes with it respecting business to which the interstate-commerce act applies. But especially for the protection of the minority stockholders in securing to them the best market for their stock I recommend that such prohibition be coupled with a proviso that it shall not operate to prevent any corporation which, at the date of the passage of such act, shall own not less than one-half of the entire issued and outstanding capital stock of any other railroad company, from acquiring all or the remainder of such stock; nor to prohibit any railroad company which at the date of the enactment of the law is operating a railroad of any other corporation under lease, executed for a term of not less than twenty-five years, from acquiring the reversionary ownership of the demised railroad; but that such provisions shall not operate to authorize or validate the acquisition, through stock ownership or otherwise, of a competing line or interest therein in violation of the antitrust or any other law.

The Republican platform of 1908 further declares in favor of such national legislation and supervision as will prevent the future overissue of stocks and bonds by interstate carriers, and in order to carry out its provisions, I recommend the enactment of a law providing that no railroad corporation subject to the interstate-commerce act shall hereafter for any purpose connected with or relating to any part of its business governed by said act, issue any capital stock without

previous or simultaneous payment to it of not less than the par value of such stock, or any bonds or other obligations (except notes maturing not more than one year from the date of their issue), without the previous or simultaneous payment to such corporation of not less than the par value of such bonds, or other obligations, or, if issued at less than their par value, then not without such payment of the reasonable market value of such bonds or obligations as ascertained by the Interstate Commerce Commission; and that no property, services, or other thing than money, shall be taken in payment to such carrier corporation, of the par or other required price of such stock, bond or other obligation, except at the fair value of such property, services or other thing as ascertained by the commission; and that such act shall also contain provisions to prevent the abuse by the improvident or improper issue of notes maturing at a period not exceeding twelve months from date, in such manner as to commit the commission to the approval of a larger amount of stock or bonds in order to retire such notes than should legitimately have been required.

Such act should also provide for the approval by the Interstate Commerce Commission of the amount of stock and bonds to be issued by any railroad company subject to this act upon any reorganization, pursuant to judicial sale or other legal proceedings, in order to prevent the issue of stock and bonds to an amount in excess of the fair value of the property which is the subject of such reorganization.

I believe these suggested modifications in and amendments to the interstate-commerce act would make it a complete and effective measure for securing reasonableness of rates and fairness of practices in the operation of interstate railroad lines, without undue preference to any individual or class over any others; and would prevent the recurrence of many of the practices which have given rise in the past to so much public inconvenience and loss.

By my direction the Attorney-General has drafted a bill to carry out these recommendations, which will be furnished upon request to the appropriate committee whenever it may be desired.

In addition to the foregoing amendments of the interstate-commerce law, the Interstate Commerce Commission should be given the power, after a hearing, to determine upon the uniform construction of those appliances—such as sill steps, ladders, roof hand holds, running boards, and hand brakes on freight cars engaged in interstate commerce—used by the train men in the operation of trains, the defects and lack of uniformity in which are apt to produce accidents and injuries to railway train men. The wonderful reforms effected in the number of switchmen and train men injured by coupling accidents, due to the enforced introduction of safety couplers, is a demonstra-

tion of what can be done if railroads are compelled to adopt proper safety appliances.

The question has arisen in the operation of the interstate commerce employer's liability act as to whether suit can be brought against the employer company in any place other than that of its home office. The right to bring the suit under this act should be as easy of enforcement as the right of a private person not in the company's employ to sue on an ordinary claim, and process in such suit should be sufficiently served if upon the station agent of the company upon whom service is authorized to be made to bind the company in ordinary actions arising under state laws. Bills for both the foregoing purposes have been considered by the House of Representatives, and have been passed, and are now before the Interstate Commerce Committee of the Senate. I earnestly urge that they be enacted into law.

ANTITRUST LAW AND FEDERAL INCORPORATION.

There has been a marked tendency in business in this country for forty years last past toward combination of capital and plant in manufacture, sale, and transportation. The moving causes have been several: First, it has rendered possible great economy; second, by a union of former competitors it has reduced the probability of excessive competition; and, third, if the combination has been extensive enough, and certain methods in the treatment of competitors and customers have been adopted, the combiners have secured a monopoly and complete control of prices or rates.

A combination successful in achieving complete control over a particular line of manufacture has frequently been called a "trust." I presume that the derivation of the word is to be explained by the fact that a usual method of carrying out the plan of the combination has been to put the capital and plants of various individuals, firms, or corporations engaged in the same business under the control of trustees.

The increase in the capital of a business for the purpose of reducing the cost of production and effecting economy in the management has become as essential in modern progress as the change from the hand tool to the machine. When, therefore, we come to construe the object of Congress in adopting the so-called "Sherman Anti-Trust Act" in 1890, whereby in the first section every contract, combination in the form of a trust or otherwise, or conspiracy in restraint of interstate or foreign trade or commerce, is condemned as unlawful and made subject to indictment and restraint by injunction; and whereby in the second section every monopoly or attempt to monopolize, and every combination or conspiracy with other persons to monopolize any part of

interstate trade or commerce, is denounced as illegal and made subject to similar punishment or restraint, we must infer that the evil aimed at was not the mere bigness of the enterprise, but it was the aggregation of capital and plants with the express or implied intent to restrain interstate or foreign commerce, or to monopolize it in whole or in part.

Monopoly destroys competition utterly, and restraint of the full and free operation of competition has a tendency to restrain commerce and trade. A combination of persons, formerly engaged in trade as partnerships or corporations or otherwise, of course eliminates the competition that existed between them; but the incidental ending of that competition is not to be regarded as necessarily a direct restraint of trade, unless of such an all-embracing character that the intention and effect to restrain trade are apparent from the circumstances, or are expressly declared to be the object of the combination. A mere incidental restraint of trade and competition is not within the inhibition of the act, but it is where the combination or conspiracy or contract is inevitably and directly a substantial restraint of competition, and so a restraint of trade, that the statute is violated.

The second section of the act is a supplement to the first. A direct restraint of trade, such as is condemned in the first section, if successful and used to suppress competition, is one of the commonest methods of securing a trade monopoly, condemned in the second section.

It is possible for the owners of a business of manufacturing and selling useful articles of merchandise so to conduct their business as not to violate the inhibitions of the antitrust law and yet to secure to themselves the benefit of the economies of management and of production due to the concentration under one control of large capital and many plants. If they use no other inducement than the constant low price of their product and its good quality to attract custom, and their business is a profitable one, they violate no law. If their actual competitors are small in comparison with the total capital invested, the prospect of new investments of capital by others in such a profitable business is sufficiently near and potential to restrain them in the prices at which they sell their product. But if they attempt by a use of their preponderating capital and by a sale of their goods temporarily at unduly low prices to drive out of business their competitors, or if they attempt, by exclusive contracts with their patrons and threats of nondealing except upon such contracts, or by other methods of a similar character, to use the largeness of their resources and the extent of their output compared with the total output as a means of compelling custom and frightening off competition, then they disclose a purpose to restrain trade and to establish a monopoly and violate the act.

The object of the antitrust law was to suppress the abuses of business of the kind described. It was not to interfere with a great volume of capital which, concentrated under one organization, reduced the cost of production and made its profits thereby, and took no advantage of its size by methods akin to duress to stifle competition with it.

I wish to make this distinction as emphatic as possible, because I conceive that nothing could happen more destructive to the prosperity of this country than the loss of that great economy in production which has been and will be effected in all manufacturing lines by the employment of large capital under one management. I do not mean to say that there is not a limit beyond which the economy of management by the enlargement of plant ceases; and where this happens and combination continues beyond this point, the very fact shows intent to monopolize and not to economize.

The original purpose of many combinations of capital in this country was not confined to the legitimate and proper object of reducing the cost of production. On the contrary, the history of most trades will show at times a feverish desire to unite by purchase, combination, or otherwise all plants in the country engaged in the manufacture of a particular line of goods. The idea was rife that thereby a monopoly could be effected and a control of prices brought about which would inure to the profit of those engaged in the combination. The path of commerce is strewn with failures of such combinations. Their projectors found that the union of all the plants did not prevent competition, especially where proper economy had not been pursued in the purchase and in the conduct of the business after the aggregation was complete. There were enough, however, of such successful combinations to arouse the fears of good, patriotic men as to the result of a continuance of this movement toward the concentration in the hands of a few of the absolute control of the prices of all manufactured products.

The antitrust statute was passed in 1890 and prosecutions were soon begun under it. In the case of the United States *v.* Knight, known as the " Sugar Trust case," because of the narrow scope of the pleadings, the combination sought to be enjoined was held not to be included within the prohibition of the act, because the averments did not go beyond the mere acquisition of manufacturing plants for the refining of sugar, and did not include that of a direct and intended restraint upon trade and commerce in the sale and delivery of sugar across state boundaries and in foreign trade. The result of the Sugar Trust case was not happy, in that it gave other companies and combinations seeking a similar method of making profit by establishing an absolute control and monopoly in a particular line of manufacture a

sense of immunity against prosecutions in the federal jurisdiction; and where that jurisdiction is barred in respect to a business which is necessarily commensurate with the boundaries of the country, no state prosecution is able to supply the needed machinery for adequate restraint or punishment.

Following the Sugar Trust decision, however, there have come along in the slow but certain course of judicial disposition cases involving a construction of the antitrust statute and its application until now they seem to embrace every phase of that law which can be practically presented to the American public and to the Government for action. They show that the antitrust act has a wide scope and applies to many combinations in actual operation, rendering them unlawful and subject to indictment and restraint.

The Supreme Court in several of its decisions has declined to read into the statute the word "unreasonable" before "restraint of trade," on the ground that the statute applies to all restraints and does not intend to leave to the court the discretion to determine what is a reasonable restraint of trade. The expression "restraint of trade" comes from the common law, and at common law there were certain covenants incidental to the carrying out of a main or principal contract which were said to be covenants in partial restraint of trade, and were held to be enforcible because "reasonably" adapted to the performance of the main or principal contract. And under the general language used by the Supreme Court in several cases, it would seem that even such incidental covenants in restraint of interstate trade were within the inhibition of the statute and must be condemned. In order to avoid such a result, I have thought and said that it might be well to amend the statute so as to exclude such covenants from its condemnation. A close examination of the later decisions of the court, however, shows quite clearly in cases presenting the exact question, that such incidental restraints of trade are held not to be within the law and are excluded by the general statement that, to be within the statute, the effect of the restraint upon the trade must be direct and not merely incidental or indirect. The necessity, therefore, for an amendment of the statute so as to exclude these incidental and beneficial covenants in restraint of trade held at common law to be reasonable does not exist.

In some of the opinions of the federal circuit judges there have been intimations, having the effect, if sound, to weaken the force of the statute by including within it absurdly unimportant combinations and arrangements, and suggesting therefore the wisdom of changing its language by limiting its application to serious combinations with intent to restrain competition or control prices. A reading of the opinions of the Supreme Court, however, makes the change

unnecessary, for they exclude from the operation of the act contracts affecting interstate trade in but a small and incidental way, and apply the statute only to the real evil aimed at by Congress.

The statute has been on the statute book now for two decades, and the Supreme Court in more than a dozen opinions has construed it in application to various phases of business combinations and in reference to various subjects-matter. It has applied it to the union under one control of two competing interstate railroads, to joint traffic arrangements between several interstate railroads, to private manufacturers engaged in a plain attempt to control prices and suppress competition in a part of the country, including a dozen States, and to many other combinations affecting interstate trade. The value of a statute which is rendered more and more certain in its meaning by a series of decisions of the Supreme Court furnishes a strong reason for leaving the act as it is, to accomplish its useful purpose, even though if it were being newly enacted useful suggestions as to change of phrase might be made.

It is the duty and the purpose of the Executive to direct an investigation by the Department of Justice, through the grand jury or otherwise, into the history, organization, and purposes of all the industrial companies with respect to which there is any reasonable ground for suspicion that they have been organized for a purpose, and are conducting business on a plan which is in violation of the antitrust law. The work is a heavy one, but it is not beyond the power of the Department of Justice, if sufficient funds are furnished, to carry on the investigations and to pay the counsel engaged in the work. But such an investigation and possible prosecution of corporations whose prosperity or destruction affects the comfort not only of stockholders, but of millions of wage-earners, employees, and associated tradesmen must necessarily tend to disturb the confidence of the business community, to dry up the now flowing sources of capital from its places of hoarding, and produce a halt in our present prosperity that will cause suffering and strained circumstances among the innocent many for the faults of the guilty few. The question which I wish in this message to bring clearly to the consideration and discussion of Congress is whether in order to avoid such a possible business danger something can not be done by which these business combinations may be offered a means, without great financial disturbance, of changing the character, organization, and extent of their business into one within the lines of the law under Federal control and supervision, securing compliance with the antitrust statute.

Generally, in the industrial combinations called "trusts," the principal business is the sale of goods in many States and in foreign markets; in other words, the interstate and foreign business far

exceeds the business done in any one State. This fact will justify the Federal Government in granting a Federal charter to such a combination to make and sell in interstate and foreign commerce the products of useful manufacture under such limitations as will secure a compliance with the antitrust law. It is possible so to frame a statute that while it offers protection to a Federal company against harmful, vexatious, and unnecessary invasion by the States, it shall subject it to reasonable taxation and control by the States, with respect to its purely local business.

Many people conducting great businesses have cherished a hope and a belief that in some way or other a line may be drawn between "good trusts" and "bad trusts," and that it is possible by amendment to the antitrust law to make a distinction under which good combinations may be permitted to organize, suppress competition, control prices, and do it all legally if only they do not abuse the power by taking too great profit out of the business. They point with force to certain notorious trusts as having grown into power through criminal methods by the use of illegal rebates and plain cheating, and by various acts utterly violative of business honesty or morality, and urge the establishment of some legal line of separation by which "criminal trusts" of this kind can be punished, and they, on the other hand, be permitted under the law to carry on their business. Now the public, and especially the business public, ought to rid themselves of the idea that such a distinction is practicable or can be introduced into the statute. Certainly under the present antitrust law no such distinction exists. It has been proposed, however, that the word "reasonable" should be made a part of the statute, and then that it should be left to the court to say what is a reasonable restraint of trade, what is a reasonable suppression of competition, what is a reasonable monopoly. I venture to think that this is to put into the hands of the court a power impossible to exercise on any consistent principle which will insure the uniformity of decision essential to just judgment. It is to thrust upon the courts a burden that they have no precedents to enable them to carry, and to give them a power approaching the arbitrary, the abuse of which might involve our whole judicial system in disaster.

In considering violations of the antitrust law we ought, of course, not to forget that that law makes unlawful, methods of carrying on business which before its passage were regarded as evidence of business sagacity and success, and that they were denounced in this act not because of their intrinsic immorality, but because of the dangerous results toward which they tended, the concentration of industrial power in the hands of the few, leading to oppression and injustice. In dealing, therefore, with many of the men who have used the

methods condemned by the statute for the purpose of maintaining a profitable business, we may well facilitate a change by them in the method of doing business, and enable them to bring it back into the zone of lawfulness without losing to the country the economy of management by which in our domestic trade the cost of production has been materially lessened and in competition with foreign manufacturers our foreign trade has been greatly increased.

Through all our consideration of this grave question, however, we must insist that the suppression of competition, the controlling of prices, and the monopoly or attempt to monopolize in interstate commerce and business, are not only unlawful, but contrary to the public good, and that they must be restrained and punished until ended.

I, therefore, recommend the enactment by Congress of a general law providing for the formation of corporations to engage in trade and commerce among the States and with foreign nations, protecting them from undue interference by the States and regulating their activities, so as to prevent the recurrence, under national auspices, of those abuses which have arisen under state control. Such a law should provide for the issue of stock of such corporations to an amount equal only to the cash paid in on the stock; and if the stock be issued for property, then at a fair valuation, ascertained under approval and supervision of federal authority, after a full and complete disclosure of all the facts pertaining to the value of such property and the interest therein of the persons to whom it is proposed to issue stock in payment of such property. It should subject the real and personal property only of such corporations to the same taxation as is imposed by the States within which it may be situated upon other similar property located therein, and it should require such corporations to file full and complete reports of their operations with the Department of Commerce and Labor at regular intervals. Corporations organized under this act should be prohibited from acquiring and holding stock in other corporations (except for special reasons upon approval by the proper federal authority), thus avoiding the creation, under national auspices, of the holding company with subordinate corporations in different States, which has been such an effective agency in the creation of the great trusts and monopolies.

If the prohibition of the antitrust act against combinations in restraint of trade is to be effectively enforced, it is essential that the National Government shall provide for the creation of national corporations to carry on a legitimate business throughout the United States. The conflicting laws of the different States of the Union with respect to foreign corporations make it difficult, if not impossible, for one corporation to comply with their requirements so as to carry on business in a number of different States.

To the suggestion that this proposal of federal incorporation for industrial combinations is intended to furnish them a refuge in which to continue industrial abuses under federal protection, it should be said that the measure contemplated does not repeal the Sherman antitrust law and is not to be framed so as to permit the doing of the wrongs which it is the purpose of that law to prevent, but only to foster a continuance and advance of the highest industrial efficiency without permitting industrial abuses.

Such a national incorporation law will be opposed, first, by those who believe that trusts should be completely broken up and their property destroyed. It will be opposed, second, by those who doubt the constitutionality of such federal incorporation, and even if it is valid, object to it as too great federal centralization. It will be opposed, third, by those who will insist that a mere voluntary incorporation like this will not attract to its acceptance the worst of the offenders against the antitrust statute and who will, therefore, propose instead of it a system of compulsory licenses for all federal corporations engaged in interstate business.

Let us consider these objections in their order. The Government is now trying to dissolve some of these combinations, and it is not the intention of the Government to desist in the least degree in its effort to end those combinations which are to-day monopolizing the commerce of this country; that where it appears that the acquisition and concentration of property go to the extent of creating a monopoly or of substantially and directly restraining interstate commerce, it is not the intention of the Government to permit this monopoly to exist under federal incorporation or to transfer to the protecting wing of the Federal Government a state corporation now violating the Sherman Act. But it is not, and should not be, the policy of the Government to prevent reasonable concentration of capital which is necessary to the economic development of manufacture, trade, and commerce. This country has shown a power of economical production that has astonished the world, and has enabled us to compete with foreign manufactures in many markets. It should be the care of the Government to permit such concentration of capital while keeping open the avenues of individual enterprise, and the opportunity for a man or corporation with reasonable capital to engage in business. If we would maintain our present business supremacy, we should give to industrial concerns an opportunity to reorganize and to concentrate their legitimate capital in a federal corporation, and to carry on their large business within the lines of the law.

Second. There are those who doubt the constitutionality of such Federal incorporation. The regulation of interstate and foreign commerce is certainly conferred in the fullest measure upon Congress,

and if for the purpose of securing in the most thorough manner that kind of regulation, Congress shall insist that it may provide and authorize certain agencies to carry on that commerce, it would seem to be within its power. This has been distinctly affirmed with respect to railroad companies doing an interstate business and interstate bridges. The power of incorporation has been exercised by Congress and upheld by the Supreme Court in this regard. Why, then, with respect to any other form of interstate commerce like the sale of goods across State boundaries and into foreign commerce, may the same power not be asserted? Indeed, it is the very fact that they carry on interstate commerce that makes these great industrial concerns subject to Federal prosecution and control. How far as incidental to the carrying on of that commerce it may be within the power of the Federal Government to authorize the manufacture of goods is, perhaps, more open to discussion, though a recent decision of the Supreme Court would seem to answer that question in the affirmative.

Even those who are willing to concede that the Supreme Court may sustain such federal incorporation are inclined to oppose it on the ground of its tendency to the enlargement of the federal power at the expense of the power of the States. It is a sufficient answer to this argument to say that no other method can be suggested which offers federal protection on the one hand and close federal supervision on the other of these great organizations that are in fact federal because they are as wide as the country and are entirely unlimited in their business by state lines. Nor is the centralization of federal power under this act likely to be excessive. Only the largest corporations would avail themselves of such a law, because the burden of complete federal supervision and control that must certainly be imposed to accomplish the purpose of the incorporation would not be accepted by an ordinary business concern.

The third objection, that the worst offenders will not accept federal incorporation, is easily answered. The decrees of injunction recently adopted in prosecutions under the antitrust law are so thorough and sweeping that the corporations affected by them have but three courses before them:

First, they must resolve themselves into their component parts in the different States, with a consequent loss to themselves of capital and effective organization and to the country of concentrated energy and enterprise; or,

Second, in defiance of law and under some secret trust they must attempt to continue their business in violation of the federal statute, and thus incur the penalties of contempt and bring on an inevitable criminal prosecution of the individuals named in the decree and their associates; or,

Third, they must reorganize and accept in good faith the federal charter I suggest.

A federal compulsory license law, urged as a substitute for a federal incorporation law, is unnecessary except to reach that kind of corporation which, by virtue of the considerations already advanced, will take advantage voluntarily of an incorporation law, while the other state corporations doing an interstate business do not need the supervision or the regulation of a federal license and would only be unnecessarily burdened thereby.

The Attorney-General, at my suggestion, has drafted a federal incorporation bill, embodying the views I have attempted to set forth, and it will be at the disposition of the appropriate committees of Congress.

WILLIAM H. TAFT.

SPECIAL MESSAGE

THE WHITE HOUSE, *January 14, 1910.*

To the Senate and House of Representatives:

In my annual message I reserved the subject of the conservation of our national resources for discussion in a special message, as follows:

"In several Departments there is presented the necessity for legislation looking to the further conservation of our national resources, and the subject is one of such importance as to require a more detailed and extended discussion than can be entered upon in this communication. For that reason I shall take an early opportunity to send a special message to Congress on the subject of the improvement of our waterways; upon the reclamation and irrigation of arid, semiarid, and swamp lands; upon the preservation of our forests and the reforesting of suitable areas; upon the reclassification of the public domain with a view of separating from agricultural settlement mineral, coal, and phosphate lands and sites belonging to the Government bordering on streams suitable for the utilization of water power."

In 1860 we had a public domain of 1,055,911,288 acres. We have now 731,354,081 acres, confined largely to the mountain ranges and the arid and semiarid plains. We have, in addition, 368,035,975 acres of land in Alaska.

The public lands were, during the earliest administrations, treated as a national asset for the liquidation of the public debt and as a source of reward for our soldiers and sailors. Later on they were donated in large amounts in aid of the construction of wagon roads and railways, in order to open up regions in the West then almost inac-

cessible. All the principal land statutes were enacted more than a quarter of a century ago. The homestead act, the preemption and timber-culture act, the coal land and the mining acts were among these. The rapid disposition of the public lands under the early statutes, and the lax methods of distribution prevailing, due, I think, to the belief that these lands should rapidly pass into private ownership, gave rise to the impression that the public domain was legitimate prey for the unscrupulous, and that it was not contrary to good morals to circumvent the land laws. This prodigal manner of disposition resulted in the passing of large areas of valuable land and many of our national resources into the hands of persons who felt little or no responsibility for promoting the national welfare through their development. The truth is that title to millions of acres of public lands was fraudulently obtained, and that the right to recover a large part of such lands for the Government long since ceased by reason of statutes of limitations.

There has developed in recent years a deep concern in the public mind respecting the preservation and proper use of our national resources. This has been particularly directed toward the conservation of the resources of the public domain. The problem is how to save and how to utilize, how to conserve and still develop; for no sane person can contend that it is for the common good that Nature's blessings are only for unborn generations.

Among the most noteworthy reforms initiated by my distinguished predecessor were the vigorous prosecution of land frauds and the bringing to public attention of the necessity for preserving the remaining public domain from further spoliation, for the maintenance and extension of our forest resources, and for the enactment of laws amending the obsolete statutes so as to retain governmental control over that part of the public domain in which there are valuable deposits of coal, of oil, and of phosphate, and, in addition thereto, to preserve control, under conditions favorable to the public, of the lands along the streams in which the fall of water can be made to generate power to be transmitted in the form of electricity many miles to the point of its use, known as "water-power" sites.

The investigations into violations of the public land laws and the prosecution of land frauds have been vigorously continued under my administration, as has been the withdrawal of coal lands for classification and valuation and the temporary withholding of power sites.

Since March 4, 1909, temporary withdrawals of power sites have been made on 102 streams and these withdrawals therefore cover 229 per cent. more streams than were covered by the withdrawals made prior to that date.

The present statutes, except so far as they dispose of the precious metals and the purely agricultural lands, are not adapted to carry

out the modern view of the best disposition of public lands to private ownership, under conditions offering on the one hand sufficient inducement to private capital to take them over for proper development, with restrictive conditions on the other which shall secure to the public that character of control which will prevent a monopoly or misuse of the lands or their products. The power of the Secretary of the Interior to withdraw from the operation of existing statutes tracts of land, the disposition of which under such statutes would be detrimental to the public interest, is not clear or satisfactory. This power has been exercised in the interest of the public, with the hope that Congress might affirm the action of the Executive by laws adapted to the new conditions. Unfortunately, Congress has not thus far fully acted on the recommendations of the Executive, and the question as to what the Executive is to do is, under the circumstances, full of difficulty. It seems to me that it is the duty of Congress now, by a statute, to validate the withdrawals which have been made by the Secretary of the Interior and the President, and to authorize the Secretary of the Interior temporarily to withdraw lands pending submission to Congress of recommendations as to legislation to meet conditions or emergencies as they arise.

One of the most pressing needs in the matter of public-land reform is that lands should be classified according to their principal value or use. This ought to be done by that Department whose force is best adapted to that work. It should be done by the Interior Department through the Geological Survey. Much of the confusion, fraud, and contention which has existed in the past has arisen from the lack of an official and determinative classification of the public lands and their contents.

It is now proposed to dispose of agricultural lands as such, and at the same time to reserve for other disposition the treasure of coal, oil, asphaltum, natural gas, and phosphate contained therein. This may be best accomplished by separating the right to mine from the title to the surface, giving the necessary use of so much of the latter as may be required for the extraction of the deposits. The surface might be disposed of as agricultural land under the general agricultural statutes, while the coal or other mineral could be disposed of by lease on a royalty basis, with provisions requiring a certain amount of development each year; and in order to prevent the use and cession of such lands with others of similar character so as to constitute a monopoly forbidden by law, the lease should contain suitable provision subjecting to forfeiture the interest of persons participating in such monopoly. Such law should apply to Alaska as well as to the United States.

It is exceedingly difficult to frame a statute to retain government

control over a property to be deveolped by private capital in such manner as to secure the governmental purpose and at the same time not to frighten away the investment of the necessary capital. Hence, it may be necessary by laws that are really only experimental to determine from their practical operation what is the best method of securing the result aimed at.

The extent of the value of phosphate is hardly realized, and with the need that there will be for it as the years roll on and the necessity for fertilizing the land shall become more acute, this will be a product which will probably attract the greed of monopolists.

With respect to the public land which lies along the streams offering opportunity to convert water power into transmissible electricity, another important phase of the public-land question is presented. There are valuable water-power sites through all the public-land States. The opinion is held that the transfer of sovereignty from the Federal Government to the territorial government as they become States included the water power in the rivers except so far as that owned by riparian proprietors. I do not think it necessary to go into a discussion of this somewhat mooted question of law. It seems to me sufficient to say that the man who owns and controls the land along the stream from which the power is to be converted and transmitted owns land which is indispensable to the conversion and use of that power. I can not conceive how the power in streams flowing through public lands can be made available at all except by using the land itself as the site for the construction of the plant by which the power is generated and converted and securing a right of way thereover for transmission lines. Under these conditions, if the Government owns the adjacent land—indeed, if the Government is the riparian owner—it may control the use of the water power by imposing proper conditions on the disposition of land necessary in the creation and utilization of the water power.

The development in electrical appliances for the conversion of the water power into electricity to be transmitted long distances has progressed so far that it is no longer problematical, but it is a certain inference that in the future the power of the water falling in the streams to a large extent will take the place of natural fuels. In the disposition of that domain already granted, many water-power sites have come under absolute ownership, and may drift into one ownership, so that all the water power under private ownership shall be a monopoly. If, however, the water-power sites now owned by the Government—and there are enough of them—shall be disposed of to private persons for the investment of their capital in such a way as to prevent their union for purposes of monopoly with other water-power sites, and under conditions that shall limit the right of use to

not exceeding fifty years with proper means for determining a reasonable graduated rental, and with some equitable provision for fixing terms of renewal, it would seem entirely possible to prevent the absorption of these most useful lands by a power monopoly. As long as the Government retains control and can prevent their improper union with other plants, competition must be maintained and prices kept reasonable.

In considering the conservation of the natural resources of the country, the feature that transcends all others, including woods, waters, minerals, is the soil of the country. It is incumbent upon the Government to foster by all available means the resources of the country that produce the food of the people. To this end the conservation of the soils of the country should be cared for with all means at the Government's disposal. Their productive powers should have the attention of our scientists that we may conserve the new soils, improve the old soils, drain wet soils, ditch swamp soils, levee river overflow soils, grow trees on thin soils, pasture hillside soils, rotate crops on all soils, discover methods for cropping dry-land soils, find grasses and legumes for all soils, feed grains and mill feeds on the farms where they originate, that the soils from which they come may be enriched.

A work of the utmost importance to inform and instruct the public on this chief branch of the conservation of our resources is being carried on successfully in the Department of Agriculture; but it ought not to escape public attention that State action in addition to that of the Department of Agriculture (as for instance in the drainage of swamp lands) is essential to the best treatment of the soils in the manner above indicated.

The act by which, in semiarid parts of the public domain, the area of the homestead has been enlarged from 160 to 320 acres has resulted most beneficially in the extension of "dry farming," and in the demonstration which has been made of the possibility, through a variation in the character and mode of culture, of raising substantial crops without the presence of such a supply of water as heretofore has been thought to be necessary for agriculture.

But there are millions of acres of completely arid land in the public domain which, by the establishment of reservoirs for the storing of water and the irrigation of the lands, may be made much more fruitful and productive than the best lands in a climate where the moisture comes from the clouds. Congress recognized the importance of this method of artificial distribution of water on the arid lands by the passage of the reclamation act. The proceeds of the public lands creates the fund to build the works needed to store and furnish the necessary water, and it was left to the Secretary of the Interior to

determine what projects should be selected among those suggested, and to direct the Reclamation Service, with the funds at hand and through the engineers in its employ, to construct the works.

No one can visit the Far West and the country of arid and semiarid lands without being convinced that this is one of the most important methods of the conservation of our natural resources that the Government has entered upon. It would appear that over 30 projects have been undertaken, and that a few of these are likely to be unsuccessful because of lack of water, or for other reasons, but generally the work which has been done has been well done, and many important engineering problems have been met and solved.

One of the difficulties which has arisen is that too many projects in view of the available funds have been set on foot. The funds available under the reclamation statute are inadequate to complete these projects within a reasonable time. And yet the projects have been begun; settlers have been invited to take up and, in many instances, have taken up, the public land within the projects, relying upon their prompt completion. The failure to complete the projects for their benefit is, in effect, a breach of faith and leaves them in a most distressed condition. I urge that the nation ought to afford the means to lift them out of the very desperate condition in which they now are. This condition does not indicate any excessive waste or any corruption on the part of the Reclamation Service. It only indicates an overzealous desire to extend the benefit of reclamation to as many acres and as many States as possible. I recommend therefore that authority be given to issue not exceeding $30,000,000 of bonds from time to time, as the Secretary of the Interior shall find it necessary, the proceeds to be applied to the completion of the projects already begun and their proper extension, and the bonds running ten years or more to be taken up by the proceeds of returns to the reclamation fund, which returns, as the years go on, will increase rapidly in amount.

There is no doubt at all that if these bonds were to be allowed to run ten years, the proceeds from the public lands, together with the rentals for water furnished through the completed enterprises, would quickly create a sinking fund large enough to retire the bonds within the time specified. I hope that, while the statute shall provide that these bonds are to be paid out of the reclamation fund, it will be drawn in such a way as to secure interest at the lowest rate, and that the credit of the United States will be pledged for their redemption.

I urge consideration of the recommendations of the Secretary of the Interior in his annual report for amendments of the reclamation act, proposing other relief for settlers on these projects.

Respecting the comparatively small timbered areas on the public

domain not included in national forests because of their isolation or their special value for agricultural or mineral purposes, it is apparent from the evils resulting by virtue of the imperfections of existing laws for the disposition of timber lands that the acts of June 3, 1878, should be repealed and a law enacted for the disposition of the timber at public sale, the lands after the removal of the timber to be subject to appropriation under the agricultural or mineral land laws.

What I have said is really an epitome of the recommendations of the Secretary of the Interior in respect to the future conservation of the public domain in his present annual report. He has given close attention to the problem of disposition of these lands under such conditions as to invite the private capital necessary to their development on the one hand, and the maintenance of the restrictions necessary to prevent monopoly and abuse from absolute ownership on the other. These recommendations are incorporated in bills he has prepared, and they are at the disposition of the Congress. I earnestly recommend that all the suggestions which he has made with respect to these lands shall be embodied in statutes, and, especially, that the withdrawals already made shall be validated so far as necessary and that the authority of the Secretary of the Interior to withdraw lands for the purpose of submitting recommendations as to future disposition of them where new legislation is needed shall be made complete and unquestioned.

The forest reserves of the United States, some 190,000,000 acres in extent, are under the control of the Department of Agriculture, with authority adequate to preserve them and to extend their growth so far as that may be practicable. The importance of the maintenance of our forests can not be exaggerated. The possibility of a scientific treatment of forests so that they shall be made to yield a large return in timber without really reducing the supply has been demonstrated in other countries, and we should work toward the standard set by them as far as their methods are applicable to our conditions.

Upwards of 400,000,000 acres of forest land in this country are in private ownership, but only 3 per cent. of it is being treated scientifically and with a view to the maintenance of the forests. The part played by the forests in the equalization of the supply of water on watersheds is a matter of discussion and dispute, but the general benefit to be derived by the public from the extension of forest lands on watersheds and the promotion of the growth of trees in places that are now denuded and that once had great flourishing forests, goes without saying. The control to be exercised over private owners in their treatment of the forests which they own is a matter for state and not national regulation, because there is nothing in the Constitution that authorizes the Federal Government to exercise any control over

forests within a State, unless the forests are owned in a proprietary way by the Federal Government.

It has been proposed, and a bill for the purpose passed the Lower House in the last Congress, that the National Government appropriate a certain amount each year out of the receipts from the forestry business of the Government to institute reforestation at the sources of certain navigable streams, to be selected by the Geological Survey, with a view to determining the practicability of thus improving and protecting the streams for federal purposes. I think a moderate expenditure for each year for this purpose, for a period of five or ten years, would be of the utmost benefit in the development of our forestry system.

I come now to the improvement of the inland waterways. He would be blind, indeed, who did not realize that the people of the entire West, and especially those of the Mississippi Valley, have been aroused to the need there is for the improvement of our inland waterways. The Mississippi River, with the Missouri on the one hand and the Ohio on the other, would seem to offer a great natural means of interstate transportation and traffic. How far, if properly improved, they would relieve the railroads or supplement them in respect to the bulkier and cheaper commodities is a matter of conjecture. No enterprise ought to be undertaken the cost of which is not definitely ascertained and the benefit and advantages of which are not known and assured by competent engineers and other authority. When, however, a project of a definite character for the improvement of a waterway has been developed so that the plans have been drawn, the cost definitely estimated, and the traffic which will be accommodated is reasonably probable, I think it is the duty of Congress to undertake the project and make provision therefor in the proper appropriation bill.

One of the projects which answers the description I have given is that of introducing dams into the Ohio River from Pittsburg to Cairo, so as to maintain at all seasons of the year, by slack water, a depth of 9 feet. Upward of seven of these dams have already been constructed and six are under construction, while the total required is fifty-four. The remaining cost is known to be $63,000,000.

It seems to me that in the development of our inland waterways it would be wise to begin with this particular project and carry it through as rapidly as may be. I assume from reliable information that it can be constructed economically in twelve years.

What has been said of the Ohio River is true in a less complete way of the improvement of the upper Mississippi from St. Paul to St. Louis, to a constant depth of 6 feet, and of the Missouri, from Kansas City to St. Louis, to a constant depth of 6 feet and from St. Louis to Cairo to a depth of 8 feet. These projects have been pronounced

practical by competent boards of army engineers, their cost has been estimated, and there is business which will follow the improvement.

I recommend, therefore, that the present Congress, in the river and harbor bill, make provision for continuing contracts to complete these improvements.

As these improvements are being made, and the traffic encouraged by them shows itself of sufficient importance, the improvement of the Mississippi beyond Cairo down to the Gulf, which is now going on with the maintenance of a depth of 9 feet everywhere, may be changed to another and greater depth if the necessity for it shall appear to arise out of the traffic which can be delivered on the river at Cairo.

I am informed that the investigation by the waterways commission in Europe shows that the existence of a waterway by no means assures traffic unless there is traffic adapted to water carriage at cheap rates at one end or the other of the stream. It also appears in Europe that the depth of the non-tidal streams is rarely more than 6 feet, and never more than 10. But it is certain that enormous quantities of merchandise are transported over the rivers and canals in Germany and France and England, and it is also certain that the existence of such methods of traffic materially affects the rates which the railroads charge, and it is the best regulator of those rates that we have, not even excepting the governmental regulation through the Interstate Commerce Commission. For this reason, I hope that this Congress will take such steps that it may be called the inaugurator of the new system of inland waterways.

For reasons which it is not necessary here to state, Congress has seen fit to order an investigation into the Interior Department and the Forest Service of the Agricultural Department. The results of that investigation are not needed to determine the value of, and the necessity for, the new legislation which I have recommended in respect to the public lands and in respect to reclamation. I earnestly urge that the measures recommended be taken up and disposed of promptly, without awaiting the investigation which has been determined upon.

WILLIAM H. TAFT.

THE WHITE HOUSE, *January 25, 1910.*

To the Senate and House of Representatives:

I transmit herewith a report by the Secretary of State setting out reasons why the invitation extended by the Government of Italy to that of the United States to participate in two international expositions which, in commemoration of the fiftieth anniversary of the

Kingdom of Italy, will be held at Rome and Turin, respectively, in 1911, should be accepted and provision made by Congress to enable the United States fittingly to take part in the expositions.

Deeming international expositions of the comprehensive character of those it is intended to hold in Italy next year to be instructive agencies of the industrial development of the world and important instrumentalities in the advancement of trade relations, I give my cordial approval to the recommendation made by the Secretary of State and urge upon Congress timely provision in accordance therewith.

WILLIAM H. TAFT.

[NOTE: The letter from the Secretary of State recommended that, in view of the Italian Government's cordial invitation; the unanimity of other Powers in accepting same; the Italian Government's appropriation of $170,000 for representation in the Louisiana Purchase Exposition; the material consideration of commercial benefits to be derived; the fact that of Italy's $923,000,000 world trade the United States received in 1907 only twelve per cent; the increasing volume of commerce between the two countries, and the excellent transportation facilities already existing to carry American goods, an appropriation of $130,000 be authorized by Congress to enable the United States fittingly to participate in the two expositions at Rome and Turin.]

THE WHITE HOUSE, *January 29, 1910.*

To the Senate and House of Representatives:

I beg to transmit herewith a report made to me by the Secretary of War upon the conditions found by him to exist in the island of Porto Rico during a visit made at my request. The people of Porto Rico, if we may judge by the expressions of the political parties in the island, have been anxious to secure amendments to the so-called "Foraker law," and especially a declaration by Congress making those who are now Porto Rican citizens under the Foraker law American citizens.

I commend to Congress the consideration of the report of the Secretary of War and recommend the adoption of his suggestions, which have been embodied in a bill amending the so-called "Foraker Act." This bill is at the disposition of Congress. The Secretary suggests not an act making all Porto Rican citizens American citizens with or without their consent, but an act to provide machinery by which Porto Rican citizens who shall make the proper application for citizenship to a proper court shall become American citizens upon taking the oath of allegiance to the United States. After a certain date the right to vote and to hold office is to be confined to American citizens, and only those American citizens are to enjoy the franchise who can satisfy certain educational or property qualifications. At present

there is manhood suffrage in the island, and, as a very large percentage of the voters are unable to read or write, the electorate is not one which should be intrusted with the government. It is much better in the interests of the people of the island that the suffrage should be limited by an educational and property qualification.

I do not comment on the other changes in the laws recommended by the Secretary, because he sufficiently discusses them, and his arguments need no addition from me.

WILLIAM H. TAFT.

[NOTE: This Message was accompanied by a letter from the Secretary of War, in which he submitted to the President, as the fruits of his visit to Porto Rico, the following observations and recommendations:

First.—There is a general and almost universal desire and demand of all classes, interests, and political parties for American citizenship for the people of Porto Rico collectively. However, many men, both Americans and natives, of such education, character, and general knowledge of the affairs of the island as to make their judgment valuable, are of the opinion that, owing to the preponderance of illiterate persons and the tendency to boss rule, such a system would be disastrous to the health and economic and political welfare of the island, would jeopardize investments, retard healthy development, would eventuate in the enforced withdrawal by the United States of powers too hastily granted, and would therefore set back the realization of local self-government. For these reasons, the Secretary of War recommended that provision be made for admitting at any time citizens of Porto Rico to citizenship in the United States, upon application to the courts and upon swearing allegiance, with the condition that after a reasonable period no one except a citizen of the United States shall hold an elective or appointive office, and with the further condition that after the next general election no one may vote except those who are citizens of the United States and are able to read and write, or who own, directly or through a firm, taxable property, or can produce to the registration officials tax receipts of any kind not more than six months old.

Second.—There is a general and insistent demand for an elective Senate. Owing to the same considerations which figured in the citizenship question—namely, the prevailing illiteracy and the tendency to vote at the behest of bosses and employers—the Secretary recommends only a partial assent to this demand, in the shape of a senate of thirteen members, five to be elective and eight to be appointed by the President of the United States, which would be regarded, he believes, as a step toward a grant of larger political power.

Third.—Owing to lack of discipline among subordinate executives, the Secretary recommends increasing the power of the governor over department heads.

Fourth.—Elections every two years being regarded as unnecessary and expensive, the Secretary recommends changing to an election every four years.

Fifth.—The sanitary conditions being unsatisfactory, the Secretary recommends the appropriation of $200,000 by Congress for the purpose of initiating a campaign against the anæmia among the Porto Ricans caused by the hookworm.

Sixth.—Individual holdings of sugar land being limited to 500 acres and it being impossible profitably to operate the essential expensive machinery to treat the product of so limited a territory, the Secretary recommends that the organic law be changed so as to permit an individual to hold 5,000 acres.]

THE WHITE HOUSE, *February 7, 1910.*

To the Senate and House of Representatives:

I submit herewith copy of a letter from the Secretary of the Treasury inclosing a memorandum and letter from the Director of the Mint relative to a modification of the deviations now allowed by law from the standard weight of the silver coins of the United States.

The Secretary of the Treasury approves of the suggestion of the Director of the Mint, and it is recommended by both that section 3536 of the Revised Statutes be amended by striking out the following words:

And in weighing a large number of pieces together, when delivered by the coiner to the superintendent, and by the superintendent to the depositor, the deviations from the standard weight shall not exceed two-hundredths of an ounce in one thousand dollars, half-dollars, or quarter-dollars, and one-hundredth of an ounce in one thousand dimes.

From the memorandum prepared by the Director of the Mint it is apparent that a saving in the manufacture of subsidiary silver coin would be effected by amending section 3536 of the Revised Statutes as proposed, and I recommend that favorable action be taken by the Congress.

WILLIAM H. TAFT.

[NOTE: This Message was accompanied by a letter from the Director of the Mint to the effect that as the present law provides that individual half dollars, quarter dollars, and dimes may deviate 1.5 grains from standard weight, 1,000 of these coins might weigh 1,500 grains below standard and yet, as individual coins, be acceptable; whereas, under the law governing deliveries of coins in quantities, 1,000 half dollars or quarter dollars must be so mixed that the deviation from standard shall be only 9.6 grains, the greatest deviation allowable in dimes being only 4.8 grains per 1,000. To comply with this requirement each half dollar and quarter dollar must be weighed thrice, once by hand and twice by machinery, and then mingled so as not to exceed the maximum deviation. By dispensing with unnecessary weighing and mixing, the Government could decrease its annual expenditure by $30,000 at least, the Director of the Mint concludes.]

THE WHITE HOUSE, *February 21, 1910.*

To the Senate and the House of Representatives:

I transmit herewith a communication from the Secretary of State transmitting a report on the International Opium Commission and on the opium problem as seen within the United States and its possessions, prepared by Mr. Hamilton Wright on behalf of the American delegates to the said commission, held at Shanghai in February, 1909. In reference to this report the Secretary of State makes certain recommendations regarding an appropriation and other legislative action,

which I commend to the Congress with my approval and the request that action should be taken accordingly.

WILLIAM H. TAFT.

[NOTE: This Message was accompanied by a letter to the President from the Secretary of State in which the latter recommended that the Congress appropriate $25,000 for purposes of international conference and investigation as to the opium evil, and that the act regulating drug traffic in the District of Columbia be applied and extended to United States consular districts and federal judicial jurisdiction in China. With his letter the Secretary transmitted to the President the report mentioned.

The report observes that though the United States had steadily opposed the Far Eastern traffic in opium by treaties prohibiting Americans from engaging therein, yet by the admission of so-called medicinal opium it had unwittingly assisted the enormous growth in the manufacture of morphia; so that, despite State and municipal laws, these opium products, together with the newly discovered drug cocaine, set their noxious tentacles upon rapidly increasing numbers of people of all social ranks, producing abnormal criminality and unusual forms of violence. Citing the beneficial operation of the act of February, 1909, prohibiting the importation of other than medicinal opium, the report recommended that the triangle be completed by (*a*) acts (of which it submitted drafts) to govern interstate traffic in habit-forming drugs, and (*b*) an internal revenue law taxing out of existence manufacturers of opium products for other than medicinal use.

The results effected by the International Opium Commission were an agreement to suppress as effectually as possible opium smoking in China, France, Germany, Great Britain, Japan, Holland, Portugal, Russia, Austria-Hungary, Italy, Siam, and Persia, besides the United States; an agreement to adopt reasonable measures to prevent shipment of morphia from their ports to ports of countries which prohibit entry; an agreement that opium resorts in foreign concessions or settlements in China should be closed; and an agreement that each should apply its pharmacy laws to its consular districts in China.]

THE WHITE HOUSE, *February 25, 1910.*

To the Senate and House of Representatives:

I wish to bring to the attention of the Congress the urgent need of legislation for the improvement of the personnel of the navy.

I am strongly of the opinion that the future of our navy will be seriously compromised unless the ages of our senior officers are materially reduced, and opportunity is given thereby for experience and training for battle ship and fleet commands.

Under our present system the average age of captains is 55 years and of rear-admirals 60½ years.

This is the direct result of an absurd system which allows nearly all officers, provided they retain their health, to pass through the various grades and retire as rear-admirals.

The greater number of our older commanding officers have had inadequate experience in command. Experience in command of a

large vessel in the battle fleet is essential to the command of a division or squadron of the fleet, and preliminary training in flag-officers' duties is necessary before succeeding to the chief command of a fleet. We are now training officers in command of battle ships and armored cruisers many of whom can not serve as flag officers on account of their short time on the active list after reaching that grade.

The line of the navy is in an abnormal condition, the result of past legislation.

There is still a "hump" in the flag and command grades, there is a great deficiency of officers of suitable ages for the intermediate grades, there is the beginning of a new "hump" in the lower grades, and the total of all the grades is very considerably short of the requirements of the service.

The Congress in 1903 authorized an increase in the number of midshipmen at the Naval Academy, without increasing correspondingly the grades of officers, and the result is now a large "hump" near the bottom of the list, due to the large classes graduated since that date. Unless legislation relieves the situation, these young officers will have little promotion for many years to come. From now on about 160 officers per year will enter the junior lieutenants' grade, and, under existing law, but 40 a year will be promoted out of it; so that that grade will increase out of proportion to the others.

The following table shows the ages of the oldest and youngest, and the average ages of the flag officers of different grades and captains in the English, French, German, Italian, Austrian, and United States navies at the present time (about Jan. 1, 1910):

	Great Britain.			France.			Germany.			Japan.		
	Oldest.	Youngest.	Average.	Oldest.	Youngest.	Average.	Oldest.	Youngest.	Average.	Oldest.	Youngest.	Average.
Admirals of the fleet	70	65	68	.....	.....	.....	(1 only, active.)			.....	.....	.....
Admirals	64	59	62	.....	.....	.....	61	58	60	67	48	60
Vice-admirals	62	53	59	64	58	62	57	54	55	60	50	54
Rear-admirals	58	46	53	62	54	59	54	49	51	53	42	50
Captains	53	36	44	60	47	54	51	41	45	51	41	45

	Italy.			Austria-Hungary.			United States.		
	Oldest.	Youngest.	Average.	Oldest.	Youngest.	Average.	Oldest.	Youngest.	Average.
Admirals of the fleet	.....	.....	.....	.....	.....	.....	(1 admiral of the navy, special.)		
Admirals	(1 only, 54.)			(1 only, 66.)			.....	.....	.....
Vice-admirals	66	60	62	65	57	61	.....	.....	.....
Rear-admirals	60	37	56	58	52	55	62	58	60.5
Captains	54	46	51	54	47	50	61	50	55

The average ages of rear-admirals of different countries, about January 1, 1910, were thus as follows:

	Years
Japanese	50
German	51
English	53
Austrian	55
Italian	56
French	59
American	60.5

The effect of the proposed measure would be to promote our officers to the grade of rear-admiral at an average age of 54 to 55, and to make the average of all the rear-admirals about 58.

The average ages of captains about January 1, 1910, were (from the same table) as follows:

	Years
English	44
German	45
Japanese	45
Austrian	50
Italian	51
French	54
American	55

The effect of the proposed measure would be to promote officers to the grade of captain at an average age of 46 or 47, and to make the average age of all the captains about 50.

The ages for rear-admirals and captains produced by the proposed measure are not young enough, in my opinion, for the arduous duties of the modern vessels of war and for the best success in a fleet engagement, should war come, but they are a decided improvement. To reduce the ages still further would not increase the cost; but for other reasons I am unwilling to advocate any further reduction at the present time.

The creating of higher ranking flag officers is a military necessity. Through custom and tradition, at a time when the service was small, grades higher than that of rear-admiral were regarded as rewards of merit for exceptional war service. The size of the fleet now demands two grades above that of rear-admiral, which still would not compare with the grades to be found in foreign services. The customary naval grades are admiral of the fleet (grand admiral), admiral, vice-admiral, rear-admiral. Foreign fleets are commanded by admirals and vice-admirals. In international council, or in combined operations, the American admiral, whatever the importance of his command, must assume the junior position. In our Atlantic fleet there are now four rear-admirals. There should be an admiral in command, a vice-

admiral for the second squadron, and a rear-admiral for each of the other two divisions.

Considerations of proper military efficiency, as well as a due sense of national dignity, and self-respect, as befitting this great nation, urge that the existing situation shall cease.

The Secretary of the Navy has prepared a tentative bill for reorganizing the personnel of the navy, which is at the disposition of the Congress should it be desired. This proposed plan for relief meets with my hearty approval.

OUTLINE OF PROPOSED MEASURE.

The personnel of officers and men is based on the tonnage of effective ships. Increases or decreases of ships, due to authorization by Congress, or to sale or other disposal, will increase or decrease the personnel in a fixed proportion. In time, though, the increases in new tonnage will be offset by old ships struck from the list. Adequate provisions are made to guard against sudden fluctuations in the personnel.

The ratio provided is 100 men and 5 line officers and midshipmen for every 2,000 tons of ships, including ships authorized and building, the principle being followed that it takes as long to train the midshipmen and enlist and train the men as it does to build the ships.

With 1,200,000 tons of ships, as now authorized, the ultimate personnel would reach 3,000 line officers and midshipmen and 60,000 enlisted men; but under the measure as drawn, the full authorized strength of officers and men can not be reached for a number of years to come; nor, in any case, except with the approval of the Congress year by year.

The officers, as now, are to be drawn from the Naval Academy, with certain additions from the ranks, as authorized by existing law; but it is not proposed to increase the present size of the Naval Academy classes, and it is estimated that, under present conditions, it will take about eight years for the full strength of officers to be reached.

As regards the men, the present authorized strength is 44,500. The current estimates provide for 47,500, which estimates are not to be altered. In future years, if approved by the Congress, the number can be brought up gradually to the proportion required for the actual ships, the present measure not authorizing any increase.

After the grades of officers assume the fixed proportions set for them there will be an excess in the upper grades due to promotion for length of service.

Each July 1 a board of high ranking officers recommends sufficient retirements to reduce such excess.

The rate of pay for such retired officers will depend on length of service. After eighteen years they would get about one-fourth pay, after twenty years about one-third pay, after twenty-four years about one-half pay, and after thirty years three-fourths pay.

The method of retirement is an important part of the proposed plan. At present too many officers reach the highest grade and retire with the rank of senior rear-admiral without adequate return to the Government.

The present personnel law of 1899 has been in operation eleven years. In that time 304 officers have retired from age, length of service, or by operation of the law. In the next eleven years, if the proposed measure becomes operative, there will be about 138 retirements from the same causes, at a cost of less than one-half the former 304.

The lengths of service proposed for line officers in the various grades will bring promotion, at the latest, at the ages set forth following:

Age at entry	18
Ensign	22
Lieutenant (junior grade)	25
Lieutenant	28
Lieutenant-commander	36
Commander	42
Captain	47
Rear-admiral	55

The Staff Corps are put on the same basis as the line, as nearly as the requirements of the different corps will permit.

EXPENSE OF PROPOSED MEASURE.

In drawing up the measure which I have approved, a prime consideration was that there was to be no immediate increase in expense, nor, except for authorized increases in ships, any eventual increase.

On the basis of tonnage, any increase in both officers and men must be authorized each year by Congress when it authorizes ships.

The saving in this measure is principally in the retired list of the line. Under the present law and that which preceded it most retirements were from the higher grades at the higher rates of pay. Under the proposed plan, with the exception of the captains already due for promotion to the grade of rear-admiral, no increase of rank is allowed on retirement, and retirements will be distributed along the grades at rates of pay which depend on length of service.

Finally, I wish to emphasize to the Congress that this measure is intended primarily to reduce the ages of the officers in the senior grades of the line of the navy and to secure more efficient captains and flag officers.

Incidentally, it is intended to increase the efficiency of the staff corps by providing some measure of compulsory retirement for them and some increases which are necessary.

While it might be possible to include improvement in some other minor details of the line and staff corps, these matters are not directly concerned with improving the military efficiency of the fleet; and I deem it best not to complicate the desired improvement by introducing them at this time.

The wisdom of the Congress, urged by the overwhelming voice of the people of our country, has provided us with ships of the best quality. It is necessary that our personnel of officers match these superb vessels if the navy is to be at the efficiency which is vitally necessary for its chief purpose and only reason for existence.

I earnestly urge upon the Congress the passage of suitable personnel legislation.

WILLIAM H. TAFT.

THE WHITE HOUSE, *February 28, 1910.*

To the Senate and House of Representatives:

I transmit herewith a communication from the Civil Service Commission submitting draft of proposed legislation providing that any member of the United States Civil Service Commission, or any officer, examiner, clerk, employee, or other representative thereof lawfully detailed to investigate frauds or attempts to defraud the Government, or any irregularity or misconduct of any officer or agent of the United States, shall have authority to administer an oath to any witness attending to testify or depose in the course of such investigation.

The proposed legislation has my hearty approval and I commend it to the careful consideration of the Congress.

WILLIAM H. TAFT.

THE WHITE HOUSE, *February 28, 1910.*

To the Senate and House of Representatives:

I transmit herewith, for the information of the Congress, reports rendered in connection with the investigation to determine the extent and value of the coal deposits in and under the segregated coal lands of the Choctaw and Chickasaw nations in Oklahoma, which investigation has been made, under the direction of the Department of the Interior, pursuant to the act of June 21, 1906, which provides in part as follows:

That the Secretary of the Interior is hereby authorized and directed to make practical and exhaustive investigation of the character, extent,

and value of the coal deposits in and under the segregated coal lands of the Choctaw and Chickasaw nations, in Indian Territory; and the expense thereof, not exceeding the sum of fifty thousand dollars, shall be paid out of the funds of the Choctaw and Chickasaw nations in the Treasury of the United States: *Provided*, That any and all information obtained under the provisions of this act shall be available at all times for the use of the Congress and its committees.

There are also inclosed memorials of the Choctaw Nation protesting against the payment of the expenses of this investigation from the tribal funds, and requesting the United States to purchase the surplus and undivided property of the Choctaw and Chickasaw nations.

WILLIAM H. TAFT.

[NOTE: This Message was accompanied by letters and memoranda detailing the progress of the investigation into the character, extent and value of the coal deposits in and under the segregated coal lands of the Choctaw and Chickasaw Nations in Indian Territory. The salient features of the report were that the acreage of workable coal was found to be, on unleased lands, 188,824 acres, and on leased lands, 82,129 acres, with a value, according to the Government's mining expert, of about $12,319,039. The Director of the Geological Survey estimated the value of the land in three different ways: (1) By mining the coal upon the same royalty basis and assuming that the annual production remained the same, it would take 666 years to exhaust the deposits and about $160,000,000 would be earned.

(2) By selling the land in tracts for immediate exploitation, the Director believed the Indians could obtain about $26,000,000.

(3) By purchasing the land and permitting it to be mined by other parties upon a royalty basis of 8 cents per ton, the Government could procure an annual income of $240,000. After deducting $40,000 for administrative expenses, the remaining $200,000 annual royalty would be applicable partly as interest on the bonds, by which, presumably, the necessary purchase price would be obtained, and partly as amortization. The latter item, however, because of the great length of time required to exhaust the coal, the Director considers negligible. Figuring upon this basis, the Geological Survey values the land at from $5,000,000 to $6,600,000.]

THE WHITE HOUSE, *March 14, 1910.*

To the Senate and House of Representatives:

I transmit herewith, for the information of the Congress, a report of the International Waterways Commission, dated January 8, 1910, on the regulation of Lake Erie, together with the appendix, tables, and plates.

WILLIAM H. TAFT.

[NOTE: This Message was accompanied by a report from the International Waterways Commission on the proposed erection at or near Buffalo of a submerged weir and sluice gates to regulate the depth of Lake Erie by controlling the outflow. The Report concluded as follows:—

"The advantages of regulating Lake Erie are that the low-water stages of Lake Erie will be raised about 1 foot; that of Lake St. Clair will be raised about 0.61 foot; and that of Lake Michigan-Huron about 0.27 foot, without in any case increasing the high-water stage. The disadvantages are that the oscillations in Lake Ontario are increased about 5½ inches, and low water is made lower by about 4½ inches; that the depth in the St. Lawrence canals will be diminished by about 7.66 inches; that the city of Buffalo and its southerly suburbs will suffer by increased damage from floods, and from a postponement of the date of opening navigation in the spring. In weighing these advantages and disadvantages, it is to be remembered that the persons who are to benefit by the former are not identical with those who are to suffer from the latter. As the matter stands it involves the question of damages to vested rights, which in this case is peculiarly intricate. It is our opinion that the advantages are not of such overwhelming character as to justify the two governments in entering upon that vexatious question, and we therefore recommend that the "regulation" of Lake Erie be not undertaken, meaning thereby the most complete practicable regulation such as can be secured by a dam and sluice gates located at or near Buffalo."]

THE WHITE HOUSE, *March 15, 1910.*

To the Senate and House of Representatives:

By the terms of section 1963, United States Revised Statutes, the Secretary of Commerce and Labor is directed, at the expiration of the lease which gives the North American Commercial Company the right to engage in taking fur seals on the islands of St. Paul and St. George, to enter into a new lease covering the same purpose for a period of twenty years. The present lease will expire on the 30th of April, 1910, and it is important to determine whether or not changed conditions call for a modification of the policy which has so far been followed.

The Secretary of State and the Secretary of Commerce and Labor unite in recommending a radical change of this policy. It appears that the seal herds on the islands named have been reduced to such an extent that their early extinction must be looked for unless measures for their preservation be adopted. A herd numbering 375,000 twelve years ago is now reduced to 134,000, and it is estimated that the breeding seals have been reduced in the same period of time from 130,000 to 56,000. The rapid depletion of these herds is undoubtedly to be ascribed to the practice of pelagic sealing, which prevails in spite of the constant and earnest efforts on the part of this Government to have it discontinued.

The policy which the United States has adopted with respect to the killing of seals on the islands is not believed to have had a substantial effect upon the reduction of the herd. But the discontinuance of this policy is recommended in order that the United States

may be free to deal with the general question in its negotiations with foreign countries. To that end it is recommended that the leasing system be abandoned for the present, and that the Government take over entire control of the islands, including the inhabitants and the seal herds. The objection which has heretofore been made to this policy, upon the ground that the Government would engage in private business, has been deprived of practical force. The herds have been reduced to such an extent that the question of profit has become a mere incident, and the controlling question has become one of conservation.

It is recommended, therefore, that the provision for a renewal of the lease be repealed, and that instead a law be enacted to authorize the Department of Commerce and Labor to take charge of the islands, with authority to protect the inhabitants substantially as has been done in the past, and to control the seal herds as far as present conditions admit of, pending negotiations with foreign countries looking to the discontinuance of pelagic sealing. If this result can be obtained, as is confidently believed, there is every prospect that the seal herds will not only be preserved but will increase, so as to make them a source of permanent income.

A draft of a bill covering this matter has been prepared by the Secretary of Commerce and Labor, and upon request will be submitted to the appropriate committees.

WILLIAM H. TAFT.

THE WHITE HOUSE, *March 25, 1910.*

To the Senate and House of Representatives:

I lay before the Congress herewith a report submitted by the commission which visited Liberia in pursuance of the provisions of the deficiency act of March 4, 1909, "to investigate the interests of the United States and its citizens in the Republic of Liberia, with the consent of the authorities of said Republic."

This report is accompanied by a communication of the Secretary of State reciting the conditions under which the Liberian commonwealth was founded through the efforts of the Government of the United States and American citizens, and commenting on the recommendations of the commission touching the course to be pursued by this Government in aid of Liberia at this juncture of stress and need. I cordially concur in the views of the Secretary of State and trust that the policy of the United States toward Liberia will be so shaped as to fulfill our national duty to the Liberian people who, by the efforts of this Government and through the material enterprise of

American citizens, were established on the African coast and set on the pathway to sovereign statehood.

WILLIAM H. TAFT.

[NOTE: This Message was accompanied by a letter from the Secretary of State in which, regarding the report of the Liberian Commission, he made the following recommendations:—

(1) That, in view of the inability of Liberia to cope with foreign powers in boundary disputes, that the United States secure by treaty power of attorney to represent the Republic in international matters.

(2) That a system of internal revenue administration similar to that in force at Santo Domingo be established and that the agencies controlling same be also given power over the internal finances of the Republic.

(3) That, as a vital concomitant of any real settlement of boundary questions the United States aid Liberia to drill and organize an adequate constabulary.

(4) That the United States maintain a research station to advise Liberia as to agriculture and other resources and as to hygiene and sanitation.

(5) That the United States establish a coaling station in Liberia.]

THE WHITE HOUSE, *March 28, 1910.*

To the Senate and House of Representatives:

In my annual message in discussing the tariff act of August 5, 1909, I referred to the maximum and minimum clause and discussed the power reposed in the President in that clause, and expressed the opinion that it would enable the President and the State Department, through friendly negotiations, to secure the elimination from the laws and the practice under them in any foreign country of that which is unduly discriminatory against the United States. I am glad to say that negotiations under that clause are now substantially completed with all the nations of the world with results that are satisfactory; and I come now to the further functions of the Tariff Board appointed by virtue of the power given the President in the maximum and minimum clause. Upon the subject of this Tariff Board I used the following language:

The new tariff law enables me to appoint a tariff board to assist me in connection with the Department of State in the administration of the minimum and maximum clause of the act and also to assist officers of the Government in the administration of the entire law. An examination of the law and an understanding of the nature of the facts which should be considered in discharging the functions imposed upon the Executive show that I have the power to direct the Tariff Board to make a comprehensive glossary and encyclopedia of the terms used and articles embraced in the tariff law, and to secure information as to the cost of production of such goods in this country and the cost of their production in foreign countries. I have therefore appointed a Tariff Board consisting of three members and have directed them

to perform all the duties above described. This work will perhaps take two or three years, and I ask from Congress a continuing annual appropriation equal to that already made for its prosecution. I believe that the work of this board will be of prime utility and importance whenever Congress shall deem it wise again to readjust the customs duties. If the facts secured by the Tariff Board are of such a character as to show generally that the rates of duties imposed by the present tariff law are excessive under the principles of protection as described in the platform of the successful party at the late election, I shall not hesitate to invite the attention of Congress to this fact and to the necessity for action predicated thereon. Nothing, however, halts business and interferes with the course of prosperity so much as the threatened revision of the tariff, and until the facts are at hand, after careful and deliberate investigation, upon which such revision can properly be undertaken, it seems to me unwise to attempt it. The amount of misinformation that creeps into arguments pro and con in respect to tariff rates is such as to require the kind of investigation that I have directed the Tariff Board to make, an investigation undertaken by it wholly without respect to the effect which the facts may have in calling for a readjustment of the rates of duty.

Upon consulting the members of the Tariff Board I find that to carry out the purpose announced in my annual message it will be necessary to have an appropriation by the Congress, immediately available, for the current and the next fiscal year, of $250,000, and I respectfully urge upon Congress this appropriation. I have directed the Secretary of the Treasury to submit an estimate of the same in the statutory method. The statement of the chairman of the Tariff Board, showing the necessity for the amount asked, is herewith submitted.

WILLIAM H. TAFT.

THE WHITE HOUSE, *April 9, 1910.*

To the Senate and House of Representatives:

I transmit herewith communications to me from the Secretary of Commerce and Labor, the Commissioner of Fisheries, and Dr. H. R. Gaylord, Director of the New York State Cancer Laboratory, in respect to the necessity for an active investigation into the subject of cancer in fishes, and I respectfully request an appropriation of $50,000 for the purpose of erecting one or more laboratories at suitable places and to provide for the proper personnel and maintenance of these laboratories. Were there a bureau of public health such as I have already recommended, the matter could be taken up by that bureau, and if in the wisdom of the Congress it should be provided in the near future, all such instrumentalities as that for which appropriation is here recommended may be placed in that bureau as the proper place for research in respect of human diseases.

I have directed the Secretary of Commerce and Labor and the Secretary of the Treasury to forward an estimate for the appropriation here recommended, in accordance with the procedure provided by law.

The very great importance of pursuing the investigation into the cause of cancer can not be brought home to the Congress or to the public more acutely than by inviting attention to the memorandum of Doctor Gaylord herewith. Progress in the prevention and treatment of human diseases has been marvelously aided by an investigation into the same disease in those of the lower animals which are subject to it, and we have every reason to believe that a close investigation into the subject of cancer in fishes, which are frequently swept away by an epidemic of it, may give us light upon this dreadful human scourge.

WILLIAM H. TAFT.

[NOTE: This Message was accompanied by a report from Dr. H. R. Gaylord, Director of the New York State Cancer Laboratory, in which he stated that:

"One woman out of every eight, beyond the age of 45, dies of cancer, and the mortality among men is only somewhat less. This terrible disease has increased of late years in all civilized countries. In the United States from 9 deaths per 100,000 of population in 1850 it had risen in 1900 to 43 deaths per 100,000. In the registration area of this country in 1906 it was 70 per 100,000. This astonishing increase has raised the deaths from this cause so that now approximately half as many die of cancer as of tuberculosis.

"The cause of cancer is not yet known. Domestic animals of various sorts are subject to the disease.

"Cancer in man is most prevalent in the well wooded, well watered, and mountainous regions or in poorly drained areas with alluvial soil. These facts have attracted the attention of scientists to the possible prevalence of cancer in fish. We now know that fish are subject to various types of cancer, certain varieties being subject to epidemics of cancer. It is an astonishing coincidence that the distribution of those varieties of fish which are subject to cancer epidemics and the concentration of cancer in man in this country are almost identical. A map of one might well be taken as a map of the other.

"An investigation of the conditions obtaining among fish offers the best opportunity for determining the conditions under which cancer is spontaneously acquired, and it is believed that a careful study of these conditions will not only enable us to eliminate the disease from among fish but to gain information of an invaluable character for humanity."]

THE WHITE HOUSE, *April 15, 1910.*

To the House of Representatives:

On March 4, 1910, your honorable body adopted the following resolution:

Resolved, That the President of the United States be requested, if not incompatible with the public interest, to furnish the House of Representatives the following information:

First. Why is not the appropriation for the construction of a gunboat on the Great Lakes, contained in the naval appropriation act of eighteen hundred and ninety-eight, expended?

Second. What steps, if any, have been taken by the United States Government to remove the obstacles that prevented the construction of this vessel?

In answer, I beg to transmit herewith a communication from the Secretary of the Navy.

WILLIAM H. TAFT.

[NOTE: This Message was accompanied by a letter from the Secretary of the Navy to the effect that when Congress authorized the construction of a gunboat on the Great Lakes, the Navy Department requested an opinion from the State Department as to whether or not, under the terms of the Rush-Bagot convention of 1817, the department was justified in proceeding with the construction as authorized. The reply was that such construction would be a violation of the terms of the treaty.]

THE WHITE HOUSE, *April 29, 1910.*

To the Senate and House of Representatives:

I forward herewith a letter from the Secretary of War inclosing the report of a board of officers of the army and the navy, appointed by him to consider the subject of the defenses of the Panama Canal. It is the right and the duty of the United States to defend the work upon which it is expending such enormous sums. An adequate defense requires suitable fortifications near the approaches to the termini.

It was not practicable to submit plans and estimates for the fortifications of the canal at the time when the estimates for annual canal construction were sent to the Secretary of the Treasury, because it was necessary for the board of officers to visit the Isthmus before deciding the place and extent and cost of the fortifications needed. The formal estimates for appropriations for the fortifications have now been submitted through the Secretary of the Treasury, in the manner required by law.

In the act providing "for the construction of a canal connecting the waters of the Atlantic and Pacific oceans," approved June 28, 1902 (the Spooner Act), it is stated that "The President * * * shall also cause to be constructed such safe and commodious harbors at the termini of said canal, and make such provisions for the defense as may be necessary for the safety and protection of said canal and harbors." This act indicates that it is the intention of Congress to provide for

the defenses of the canal by appropriations made in the same acts which appropriate moneys for its construction.

The letter of the Secretary of War gives the reasons for submitting the present preliminary report of the board of officers, and for recommending that the Congress take action upon the subject of the report at its present session. I concur in these reasons, and I am of the opinion that such works as may be erected for the defense of the canal should be completed, occupied, and ready for operation at the time that the canal itself shall be completed and opened to the passage of vessels. I am encouraged to believe that this date will certainly not be later than the one which has hereto been fixed, namely, January 1, 1915.

WILLIAM H. TAFT.

[NOTE: This Message was accompanied by a report from the military board commissioned to report on fortifications for the termini and the course of the Panama Canal, in which $14,104,203 was estimated as the cost of defenses for the termini, and any estimate as to the cost of inland defenses was deferred until the board could obtain information regarding the availability and price of the necessary land. Congress was urged to make an appropriation for immediate use of at least $4,000,000, so the work might commence during 1910, thus allowing the trained canal workers with their machinery to assist in the work of construction.]

THE WHITE HOUSE, *May 9, 1910.*

To the House of Representatives:

On April 14th your House adopted the following resolution:

Resolved, That the President be, and he is hereby, requested to inform the House, if not incompatible with the public interest, what facts, if any, now exist which make inexpedient a thorough examination at this time by the House of Representatives of the frauds in the customs service mentioned by the President in his annual message to the Congress at this session.

I beg herewith to enclose a joint report of the Secretary of the Treasury and the Attorney-General showing exactly what has been done by them and by their subordinates and the present state of fact in the matter of the investigation of the frauds in the customs service mentioned by me in my annual message.

This report shows that the executive investigation and the investigation by the grand jury for the purpose of bringing the guilty persons to justice are not yet complete. The danger of granting immunity by a congressional investigation, while the executive and grand jury investigations and trials are proceeding is still a serious one. This is sufficiently illustrated by the case of Charles R. Heike,

referred to in the report of the Secretary of the Treasury and the Attorney-General. Heike is the secretary of the American Sugar Refining Company, and is the highest official of the company said to be implicated in the frauds, except its late president, H. O. Havemeyer, who died two weeks after the first discovery of the frauds. In the investigation before the grand jury as to whether the American Refining Company is now a party to an illegal combination under the Sherman Antitrust Act, Heike was summoned officially, as the secretary of the refining company, to produce certain documents and furnish certain information respecting the inquiry under the antitrust law. In the trial of the indictment found against him for complicity in the frauds on the revenue effected by the false weighing of sugar, he filed a special plea in bar claiming immunity from the prosecution of the indictment by reason of his evidence before the grand jury in the antitrust case. His plea was overruled in the circuit court, but the question was carried to the Supreme Court, which refused to pass on it because not properly before the court now, leaving it still to be raised in the event of a conviction, upon appeal from the judgment of the circuit court.

The investigation into, and prosecution of, the frauds in the weighers' office are now nearly complete, though there are a number of indictments yet untried. The executive and judicial investigations into the frauds in the appraiser's office, however, are still proceeding. It will take a considerable time to complete them. It may be added that the character of the investigations into the weighers' and appraiser's offices is such that a congressional committee would have to wait upon such an expert search as is now proceeding to make clear the frauds. The grand jury investigation into the charge of country-wide monopoly against the refining company is being pressed with vigor; but the evidence is so voluminous and widespread that it is necessarily slow.

The primary duty with respect to frauds in the executive service falls upon the Executive to direct proper executive investigation, and upon the discovery of fraud and crime to direct judicial investigation for the purpose of recovering what is due the Government and of bringing to justice the guilty persons. It is further the duty of the Executive to make such executive changes in the service, both by removal of inefficient civil servants and by changes in official methods, as will render a recurrence of fraud less possible. The necessity for congressional investigation arises, first, when executive investigation is either not in good faith, or is lacking in vigor, and, second, when additional legislation is needed to provide new safeguards to prevent a recurrence of the frauds. A further advantage of congressional investigation is that it may hold up to just public condemnation

many persons whose neglect of duty or whose ignoring of the public weal for political or other purpose, may have made such frauds possible, without subjecting them to criminal liability and conviction.

The report of the Secretary of the Treasury and the Attorney-General shows beyond question the utmost vigor and effectiveness in the investigation and prosecution up to this time of the frauds developed in the customs service and the achieving of exceptional results, as well in the collection of moneys of which the Government has been defrauded as in the apprehension, indictment, and punishment of participants in the frauds, and in the thorough reformation of the customs service with a view to a prevention of the recurrence of such frauds in the future.

A congressional investigation at this time would embarrass the executive department in the continuance and completion of the investigation of the appraiser's and other offices of the customs service. As soon as these investigations by the Executive and the grand jury are at an end I shall bring the fact to the knowledge of Congress.

WILLIAM H. TAFT.

[NOTE: The joint report by the Secretary of the Treasury and the Attorney-General relates that as the consequence of the discovery in November, 1907, at the port of New York, of a secret spring by which sugar was underweighed and the Government cheated out of dues, an investigation was undertaken by the Customs officials, together with the local United States District Attorney, into the business of all importers. Systematic corruption and equitable division of the spoils were discovered, involving all ranks from highest to lowest. The method was for the importer to retain half of the profit obtained by underweighing and to apportion the other half (which averaged $200 per ship) among the Government employees. Four men who actually applied the secret spring to the scales and their dock superintendent were convicted.

The sugar importers practised this fraud on a larger scale than the others. The chief offender was the American Sugar Refining Company, the so-called trust, which was completely and minutely run by H. O. Havemeyer, its president, whose death forestalled the Government prosecutors. Mr. Taft has related the progress of the prosecution of Havemeyer's chief assistant, Heike. The company's cashier escaped through the disagreement of a jury. This American Sugar Refining Company was also indicted by the Government for crimes in violation of the Anti-Trust Law. The company having resisted subpœnas, and defended such resistance on technical grounds, they were ordered by Judge Lacombe to comply with same; having declined to obey, they were found in contempt and fined $500, and were at the same time informed that subpœnas would issue hourly and fines be imposed as frequently unless they complied. The company yielded. The prosecution under the Anti-Trust Law was (May, 1910) awaiting hearing in the Supreme Court.

The investigations and prosecutions having extended to all the other sugar importing companies, the Government procured the restitution of the following sums: American Sugar Refining Company, $2,135,486.32; Arbuckle Brothers, $695,573.19; National Sugar Refining Company, $604,304.37; and negotiations

were (May, 1910) pending for the restitution by the Federal Sugar Refining Company of $106,123.15.

The discovery of smaller frauds systematically committed by importers of Mediterranean products and dress goods, with the connivance of corrupt officials in all ranks from chief clerk of the surveyor's department down to the assistant weighers engaged in the actual weighing, led to the indictment of twenty-four importers, five assistant weighers, a former Government weigher, a baggage-master of a steamship company with his confederate, and thirteen dressmakers. Only one of the assistant weighers was convicted and sentenced, death, jury disagreements, and suspended sentences accounting for the rest. Only two of the importers had been tried, one going to twelve months' imprisonment and the other being acquitted. The former Government employee was convicted. The baggage-master and his accomplice were on trial, the latter having plead guilty. The thirteen dressmakers plead guilty and paid fines aggregating $34,750. More than $100,000 was paid to the Government for property of these kinds confiscated for fraud. Three importers guilty of smuggling were tried, two being sent to twelve months' imprisonment and the other, a woman, being fined $5,000.]

THE WHITE HOUSE, *May 17, 1910.*

To the Senate and House of Representatives:

I transmit herewith, for the information of the Congress, the final report of the Spanish Treaty Claims Commission, dated May 2, 1910.

WILLIAM H. TAFT.

[NOTE: The Spanish Treaty Claims Commission was created March 2, 1901, to investigate and settle claims by American citizens against Spain arising from injuries sustained during the insurrection and war, which claims the United States agreed in the treaty of 1898 to adjudicate and settle, while at the same time it relinquished all claim against Spain for indemnity. The Commission's Final Report, dated May 2, 1910, states that during the interval it considered and disposed of 542 claims aggregating $64,931,694.51, and made awards amounting, all told, to $1,387,845.74. The claims filed by enlisted officers and seamen of the battleship *Maine* or their representatives were ruled out on the ground that in international law the nation which employed the injured seamen and soldiers must present and prosecute their claims.]

THE WHITE HOUSE, *Washington, May 24, 1910.*

To the Senate and House of Representatives:

I transmit herewith a report by the Secretary of State concerning the legislation that is required on the part of the United States under the treaty between the United States and Great Britain signed on January 11, 1909, providing for the settlement of international differences between the United States and Great Britain, and commonly known as the "Waterways treaty."

It is important that legislation that will enable this Government to carry out its obligations under the treaty be enacted by Congress during its present session, and I ask for the report of the Secretary of State the early and favorable consideration of Congress.

WILLIAM H. TAFT.

[NOTE: The Secretary of State recommended that Congress should pass legislation providing for the manner of the appointment of three commissioners on the International Joint Commission, for their compensation and expenses, for the employment of necessary servants and for paraphernalia, for all of which purposes he considered $75,000 sufficient; and the Secretary also recommended that Congress give to the Commission the powers to administer oaths to witnesses, to take evidence on oath, to issue subpœnas and to compel the attendance of witnesses, through the agency of Federal Circuit Court for the circuit in which the Commission shall hold joint sessions.]

THE WHITE HOUSE, *June 7, 1910.*

To the Senate and House of Representatives:

A recent effort by a large number of railroad companies to increase rates for interstate transportation of persons and property caused me to direct the Attorney-General to bring a suit and secure from the United States court in Missouri an injunction restraining the operation of such increased rates during the pendency of the proceeding. This action led to a conference with the representatives of the railroad companies so enjoined and the agreement by each of them to withdraw the proposed increases of rates effective on or after June 1, and not to file any further attempted increases until after the enactment into law of the pending bill to amend the interstate-commerce act, or the adjournment of the Congress; with the further understanding that upon the enactment of such law each would submit to the determination of the Interstate Commerce Commission the question of the reasonableness of all increases that each might thereafter propose. It is my hope that all of the other railroad companies will take like action. In order, however, that each may have the benefit of a speedy determination of the question whether or not its proposed increases in rates are justifiable, provision should be made by Congress to vest the Interstate Commerce Commission with jurisdiction over such question as soon as possible.

In the Senate amendment to section 15 of the act to regulate commerce, contained in H. R. 17536, the Interstate Commerce Commission is empowered, immediately upon the filing of a proposed increase in rates, of its own motion, or upon complaint, to enter upon an investigation and determination of the justice and reasonableness of such

increase, and in case it deems it expedient to suspend the operation thereof for a period specified in the section to enable it to complete such investigation. That bill, however, provides that the act shall take effect and be in force only from and after the expiration of sixty days after its passage.

This provision, if allowed to remain in the bill, would enable carriers, between the time of enactment of the bill and the time of its taking effect, to file increases in rates which would become effective at the expiration of thirty days, and remain in effect and be collected from the public during the pendency of proceedings to review them, whereas if the bill be made to take effect immediately such investigation will have to be made before the public is called upon to pay the increased rates.

I therefore recommend that this latter provision be modified by providing that at least section 9 of the Senate amendments to the bill, which is the section authorizing the commission to suspend the going into effect of increases in rates until after due investigation, shall take effect immediately upon the passage of the act.

WILLIAM H. TAFT.

THE WHITE HOUSE, *June 9, 1910.*

To the House of Representatives:

In response to the resolution of the House of Representatives of April 20, 1910, relative to the recent tariff negotiations between the Government of the United States and foreign governments made necessary by the tariff act of August 5, 1909, I transmit herewith reports by the Secretary of State, with accompanying papers, and the Secretary of the Treasury.

WILLIAM H. TAFT.

[NOTE: The tariff negotiations mentioned by President Taft resulted, according to the Secretary of State, in the application to American products by Germany, Austria-Hungary, Italy and Belgium of their minimum rates; in the general though not complete application by France of its minimum rates, though previously the maximum had been applied; and in the conclusion of tariff-lowering agreements with Greece, Servia, Bulgaria, Roumania, Brazil and Canada.]

THE WHITE HOUSE, *June 21, 1910.*

To the Senate and House of Representatives:

There are, perhaps, no questions in which the public has more acute interest than those relating to the disposition of the public domain. I am just in receipt from the Secretary of the Interior of recommendation that in disposition of important legal questions which he is

called upon to decide relating to the public lands, an appeal be authorized from his decision to the court of appeals for the District of Columbia.

I fully indorse the views of the Secretary in this particular, which are set forth in his letter, transmitted herewith, and urge upon the Congress an early consideration of the subject.

WILLIAM H. TAFT.

[NOTE: The Secretary of the Interior recommended that legislation be enacted providing for appeal to the Court of Appeals for the District of Columbia from departmental decisions on cases involving property rights connected with the public domain, just as, under existing law, appeal may be had from decisions by the Patent Commissioner and by the Board of Customs Appraisers, respectively, to the Court of Appeals for the District of Columbia and to the United States Circuit Courts. Under the proposed legislation, the Interior Department, in anticipation of submission to the Court, would prepare and compile separately its findings of fact and conclusions of law. The Secretary believed that such legislation would soon produce a system of decisions by a court of recognized standing which would reduce the number and expedite the determination of controversies involving legal questions previously decided by the court.]

THE WHITE HOUSE, *June 25, 1910.*

To the Senate and House of Representatives:

I have approved the bill (H. R. 20686) entitled "An act making appropriations for the construction, repair, and preservation of certain public works on rivers and harbors, and for other purposes," and, while I have signed the bill, I venture to submit a memorandum of explanation and comment.

The bill is an important one and contains many excellent features. It provides for the canalization of the Ohio River, to be prosecuted at a rate which will insure its completion within twelve years; the improvement of the Mississippi River between Cairo and the Gulf of Mexico, to be completed within twenty years; of the Mississippi River between the mouth of the Missouri and the mouth of the Ohio River, to be completed within twelve years; of the Mississippi River between Minneapolis and the mouth of the Missouri River, to be completed within twelve years; of the Hudson River for the purpose of facilitating the use of the barge canal in the vicinity of Troy, N. Y.; of the Savannah River from Augusta to the sea, with a view to its completion within four years; of a 35-foot channel in the Delaware River from Philadelphia to the sea; of a 35-foot channel to Norfolk, Va.; of a 27-foot channel to Mobile, Ala.; of a 30-foot channel to Jacksonville, Fla.; of a 30-foot channel to Oakland, Cal. It also provides for greatly enlarged harbor facilities at certain important

lake ports, including Ashtabula and Lorain, and enlarged facilities for the important commerce of the Detroit River. Indeed, it may be said that a great majority of the projects named in the bill are meritorious, and that money expended in their completion will not be wasted.

The chief defect in the bill is the large number of projects appropriated for and the uneconomical method of carrying on these projects by the appropriation of sums small in comparison to the amounts required to effect completion.

The figures convincingly establish the fact that this bill makes inadequate provision for too many projects. The total of the bill, $52,000,000, is not unduly large, but the policy of small appropriations with a great many different enterprises without provision for their completion is unwise. It tends to waste, because thus constructed the projects are likely to cost more than if they were left to contractors who were authorized to complete the whole work within a reasonably short time. The appropriation of a small sum lessens the sense of responsibility of those who are to adopt the project and who do not therefore give to their decision the care that they would give if the appropriation or contract involved the full amount needed for completion. Moreover, the appropriation of a comparatively small sum for a doubtful enterprise is thereafter used by its advocates to force further provision for it from Congress on the ground that the investment made is a conclusive recognition of the wisdom of the project, and its continuance becomes a necessity to save the money already spent. This has been called a "piecemeal" policy. It is proposed to remedy this defect by an annual river and harbor bill, but that hardly avoids the objections above cited, for such yearly appropriations are apt to be affected by the state of the Treasury and political exigency.

If enterprises are to be useful as encouraging means of transportation, they ought to be finished within a reasonable time. The delays in completing them postpone their usefulness and increase their cost. The proper policy, it seems to me, is to determine from the many projects proposed and recommended what are the most important, and then to proceed to complete them with due dispatch, and then to take up others and do the same thing with them.

There has been frequent discussion of late years as to the proper course to be pursued in the development of our inland waterways, and I think the general sentiment has been that we should have a comprehensive system agreed upon by some competent body of experts who should pass upon the relative merits of the various projects and recommend the order in which they should be begun and completed.

Under the present system every project is submitted to army engineers, who pass upon the question whether it ought to be adopted, but that have no power to pass upon the relative importance of the

many different projects they approve or to suggest the most economical and businesslike order for their completion.

General Marshall, while Chief Engineer, at my request furnished me a memorandum in respect to the bill then pending in the Senate, in which he analyzed the criticisms made in the discussion of it in Congress. He considers the bill to be quite as good as any of its predecessors, but points out the defects I have mentioned above, and also suggests that the old projects provided for in the bill include some which were never recommended by the engineers and some which, though once recommended, would not be now recommended because of a change of condition.

Congress should refer the old projects to boards of army engineers for further consideration and recommendation. This would enable us to know what of the old works ought to be abandoned. General Marshall's plain intimation is that a number of old projects call for action of this kind.

I have given to the consideration of this bill the full ten days since its submission to me, and some time before that. The objections are to the system, for it may be conceded that the framers of the bill have made as good a bill as they could under the "piecemeal" policy. I once reached the conclusion that it was my duty to interpose a veto in order, if possible, to secure a change in the method of framing these bills. Subsequent consideration has altered my view as to my duty.

It is now three years since a river and harbor bill was passed. The projects under way are in urgent need of further appropriation for maintenance and continuance, and there is great and justified pressure for many of the new projects provided for by the bill. It has been made clear to me that the failure of the bill thus late in the session would seriously embarrass the constructing engineers. I do not think, therefore, the defects of the bill which I have pointed out will justify the postponement of all this important work; but I do think that in the preparation of the proposed future yearly bills Congress should adopt the reforms above suggested, and that a failure to do so would justify withholding executive approval, even though a river and harbor bill fail.

WILLIAM H. TAFT.

By the President of the United States of America.

A PROCLAMATION.

Thanksgiving, 1910.

This year of 1910 is drawing to a close. The records of population and harvests which are the index of progress show vigorous national growth and the health and prosperous well-being of our communities

throughout this land and in our possessions beyond the seas. These blessings have not descended upon us in restricted measure, but overflow and abound. They are the blessings and bounty of God.

We continue to be at peace with the rest of the world. In all essential matters our relations with other peoples are harmonious, with an evergrowing reality of friendliness and depth of recognition of mutual dependence. It is especially to be noted that during the past year great progress has been achieved in the cause of arbitration and the peaceful settlement of international disputes.

Now, therefore, I, WILLIAM HOWARD TAFT, President of the United States of America, in accordance with the wise custom of the civil magistrate since the first settlements in this land and with the rule established from the foundation of this Government, do appoint Thursday, November 24, 1910, as a day of National Thanksgiving and Prayer, enjoining the people upon that day to meet in their churches for the praise of Almighty God and to return heartfelt thanks to Him for all His goodness and loving-kindness.

In witness whereof I have hereunto set my hand and caused the seal of the United States to be affixed.

Done at the City of Washington this fifth day of November, in the year of our Lord one thousand nine hundred and ten and [SEAL.] of the independence of the United States the one hundred and thirty-fifth.

WILLIAM H. TAFT.

By the President:

ALVEY A. ADEE, *Acting Secretary of State.*

SECOND ANNUAL MESSAGE.

THE WHITE HOUSE, *December 6, 1910.*

To the Senate and House of Representatives:

During the past year the foreign relations of the United States have continued upon a basis of friendship and good understanding.

ARBITRATION.

The year has been notable as witnessing the pacific settlement of two important international controversies before the Permanent Court of The Hague.

The arbitration of the Fisheries dispute between the United States and Great Britain, which has been the source of nearly continuous diplomatic correspondence since the Fisheries Convention of 1818,

has given an award which is satisfactory to both parties. This arbitration is particularly noteworthy not only because of the eminently just results secured, but also because it is the first arbitration held under the general arbitration treaty of April 4, 1908, between the United States and Great Britain, and disposes of a controversy the settlement of which has resisted every other resource of diplomacy, and which for nearly ninety years has been the cause of friction between two countries whose common interest lies in maintaining the most friendly and cordial relations with each other.

The United States was ably represented before the tribunal. The complicated history of the questions arising made the issue depend, more than ordinarily in such cases, upon the care and skill with which our case was presented, and I should be wanting in proper recognition of a great patriotic service if I did not refer to the lucid historical analysis of the facts and the signal ability and force of the argument —six days in length—presented to the Court in support of our case by Mr. Elihu Root. As Secretary of State, Mr. Root had given close study to the intricate facts bearing on the controversy, and by diplomatic correspondence had helped to frame the issues. At the solicitation of the Secretary of State and myself, Mr. Root, though burdened by his duties as Senator from New York, undertook the preparation of the case as leading counsel, with the condition imposed by himself that, in view of his position as Senator, he should not receive any compensation.

The Tribunal constituted at The Hague by the Governments of the United States and Venezuela has completed its deliberations and has rendered an award in the case of the Orinoco Steamship Company against Venezuela. The award may be regarded as satisfactory since it has, pursuant to the contentions of the United States, recognized a number of important principles making for a judicial attitude in the determining of international disputes.

In view of grave doubts which had been raised as to the constitutionality of The Hague Convention for the establishment of an International Prize Court, now before the Senate for ratification, because of that provision of the Convention which provides that there may be an appeal to the proposed Court from the decisions of national courts, this government proposed in an Identic Circular Note addressed to those Powers who had taken part in the London Maritime Conference, that the powers signatory to the Convention, if confronted with such difficulty, might insert a reservation to the effect that appeals to the International Prize Court in respect to decisions of its national tribunals, should take the form of a direct claim for compensation; that the proceedings thereupon to be taken should be in the form of a trial *de novo,* and that judgment of the Court should

consist of compensation for the illegal capture, irrespective of the decision of the national court whose judgment had thus been internationally involved. As the result of an informal discussion it was decided to provide such procedure by means of a separate protocol which should be ratified at the same time as the Prize Court Convention itself.

Accordingly, the Government of the Netherlands, at the request of this Government, proposed under date of May 24, 1910, to the powers signatory to The Hague Convention, the negotiation of a supplemental protocol embodying stipulations providing for this alternative procedure. It is gratifying to observe that this additional protocol is being signed without objection, by the powers signatory to the original convention, and there is every reason to believe that the International Prize Court will be soon established.

The Identic Circular Note also proposed that the International Prize Court when established should be endowed with the functions of an Arbitral Court of Justice under and pursuant to the recommendation adopted by the last Hague Conference. The replies received from the various powers to this proposal inspire the hope that this also may be accomplished within the reasonably near future.

It is believed that the establishment of these two tribunals will go a long way toward securing the arbitration of many questions which have heretofore threatened and, at times, destroyed the peace of nations.

PEACE COMMISSION.

Appreciating these enlightened tendencies of modern times, the Congress at its last session passed a law providing for the appointment of a commission of five members "to be appointed by the President of the United States to consider the expediency of utilizing existing international agencies for the purpose of limiting the armaments of the nations of the world by international agreement, and of constituting the combined navies of the world an international force for the preservation of universal peace, and to consider and report upon any other means to diminish the expenditures of government for military purposes and to lessen the probabilities of war."

I have not as yet made appointments to this Commission because I have invited and am awaiting the expressions of foreign governments as to their willingness to cooperate with us in the appointment of similar commissions or representatives who would meet with our commissioners and by joint action seek to make their work effective.

GREAT BRITAIN AND CANADA.

Several important treaties have been negotiated with Great Britain in the past twelve months. A preliminary diplomatic agreement has

THE MEXICAN REVOLUTION OF 1911

Madero, the leader of this movement, is the man on horseback. The photograph was made in front of his headquarters, nicknamed the White House, in Ciudad Juarez, just after the capture of that place from the Mexican Regulars. The upper panel shows a typical group of his men around a cannon which was made out of a locomotive under the direction of Garibaldi, a descendant of the Italian patriot and associate of Madero. One or two Americans appear in the group. The portion of Madero's army commanded by Colonel Garibaldi was called the "Foreign Legion," and the majority of the foreigners in it were Americans. They performed remarkably well at the taking of Juarez. The lower panel shows a body of Rurales passing through Mexico City on their way to the front. These men were the chief asset of the Diaz régime, and were reputed to be incorruptible. When the acid test of war was applied to them, however, they were found lacking in loyalty, courage, equipment and intelligence.

The articles entitled "Mexico" and "Mexico, Treaties with," in the encyclopedic index (volume eleven), will give further information as to Mexico itself and our relations with her.

been reached regarding the arbitration of pecuniary claims which each Government has against the other. This agreement, with the schedules of claims annexed, will, as soon as the schedules are arranged, be submitted to the Senate for approval.

An agreement between the United States and Great Britain with regard to the location of the international boundary line between the United States and Canada in Passamaquoddy Bay and to the middle of Grand Manan Channel was reached in a Treaty concluded May 21, 1910, which has been ratified by both Governments and proclaimed, thus making unnecessary the arbitration provided for in the previous treaty of April 11, 1908.

The Convention concluded January 11, 1909, between the United States and Great Britain providing for the settlement of international differences between the United States and Canada including the apportionment between the two countries of certain of the boundary waters and the appointment of Commissioners to adjust certain other questions has been ratified by both Governments and proclaimed.

The work of the International Fisheries Commission appointed in 1908, under the treaty of April 11, 1908, between Great Britain and the United States, has resulted in the formulation and recommendation of uniform regulations governing the fisheries of the boundary waters of Canada and the United States for the purpose of protecting and increasing the supply of food fish in such waters. In completion of this work, the regulations agreed upon require congressional legislation to make them effective and for their enforcement in fulfillment of the treaty stipulations.

PORTUGAL.

In October last the monarchy in Portugal was overthrown, a provisional Republic was proclaimed, and there was set up a de facto Government which was promptly recognized by the Government of the United States for purposes of ordinary intercourse pending formal recognition by this and other Powers of the Governmental entity to be duly established by the national sovereignty.

LIBERIA.

A disturbance among the native tribes of Liberia in a portion of the Republic during the early part of this year resulted in the sending, under the Treaty of 1862, of an American vessel of war to the disaffected district, and the Liberian authorities, assisted by the good offices of the American Naval Officers, were able to restore order. The negotiations which have been undertaken for the amelioration of the conditions found in Liberia by the American Commission, whose report I transmitted to Congress on March 25 last, are being brought to conclusion, and it is thought that within a short time practical meas-

ures of relief may be put into effect through the good offices of this Government and the cordial cooperation of other governments interested in Liberia's welfare.

THE NEAR EAST.

TURKEY.

To return the visit of the Special Embassy announcing the accession of His Majesty Mehemet V, Emperor of the Ottomans, I sent to Constantinople a Special Ambassador who, in addition to this mission of ceremony, was charged with the duty of expressing to the Ottoman Government the value attached by the Government of the United States to increased and more important relations between the countries and the desire of the United States to contribute to the larger economic and commercial development due to the new régime in Turkey.

The rapid development now beginning in that ancient empire and the marked progress and increased commercial importance of Bulgaria, Roumania, and Servia make it particularly opportune that the possibilities of American commerce in the Near East should receive due attention.

MONTENEGRO.

The National Skoupchtina having expressed its will that the Principality of Montenegro be raised to the rank of Kingdom, the Prince of Montenegro on August 15 last assumed the title of King of Montenegro. It gave me pleasure to accord to the new kingdom the recognition of the United States.

THE FAR EAST.

The center of interest in Far Eastern affairs during the past year has again been China.

It is gratifying to note that the negotiations for a loan to the Chinese Government for the construction of the trunk railway lines from Hankow southward to Canton and westward through the Yangtse Valley, known as the Hukuang Loan, were concluded by the representatives of the various financial groups in May last and the results approved by their respective governments. The agreement, already initialed by the Chinese Government, is now awaiting formal ratification. The basis of the settlement of the terms of this loan was one of exact equality between America, Great Britain, France, and Germany in respect to financing the loan and supplying materials for the proposed railways and their future branches.

The application of the principle underlying the policy of the United States in regard to the Hukuang Loan, viz., that of the internationalization of the foreign interest in such of the railways of China as

may be financed by foreign countries, was suggested on a broader scale by the Secretary of State in a proposal for internationalization and commercial neutralization of all the railways of Manchuria. While the principle which led to the proposal of this Government was generally admitted by the powers to whom it was addressed, the Governments of Russia and Japan apprehended practical difficulties in the execution of the larger plan which prevented their ready adherence. The question of constructing the Chinchow-Aigun railway by means of an international loan to China is, however, still the subject of friendly discussion by the interested parties.

The policy of this Government in these matters has been directed by a desire to make the use of American capital in the development of China an instrument in the promotion of China's welfare and material prosperity without prejudice to her legitimate rights as an independent political power.

This policy has recently found further exemplification in the assistance given by this Government to the negotiations between China and a group of American bankers for a loan of $50,000,000 to be employed chiefly in currency reform. The confusion which has from ancient times existed in the monetary usages of the Chinese has been one of the principal obstacles to commercial intercourse with that people. The United States in its Treaty of 1903 with China obtained a pledge from the latter to introduce a uniform national coinage, and the following year, at the request of China, this Government sent to Peking a member of the International Exchange Commission, to discuss with the Chinese Government the best methods of introducing the reform. In 1908 China sent a Commissioner to the United States to consult with American financiers as to the possibility of securing a large loan with which to inaugurate the new currency system, but the death of Their Majesties, the Empress Dowager and the Emperor of China, interrupted the negotiations, which were not resumed until a few months ago, when this Government was asked to communicate to the bankers concerned the request of China for a loan of $50,000,000 for the purpose under review. A preliminary agreement between the American group and China has been made covering the loan.

For the success of this loan and the contemplated reforms which are of the greatest importance to the commercial interests of the United States and the civilized world at large, it is realized that an expert will be necessary, and this Government has received assurances from China that such an adviser, who shall be an American, will be engaged.

It is a matter of interest to Americans to note the success which is attending the efforts of China to establish gradually a system of representative government. The provincial assemblies were opened in October, 1909, and in October of the present year a consultative

body, the nucleus of the future national parliament, held its first session at Peking.

The year has further been marked by two important international agreements relating to Far Eastern affairs. In the Russo-Japanese Agreement relating to Manchuria, signed July 4, 1910, this Government was gratified to note an assurance of continued peaceful conditions in that region and the reaffirmation of the policies with respect to China to which the United States together with all other interested powers are alike solemnly committed.

The treaty annexing Korea to the Empire of Japan, promulgated August 29, 1910, marks the final step in a process of control of the ancient empire by her powerful neighbor that has been in progress for several years past. In communicating the fact of annexation the Japanese Government gave to the Government of the United States assurances of the full protection of the rights of American citizens in Korea under the changed conditions.

Friendly visits of many distinguished persons from the Far East have been made during the year. Chief among these were Their Imperial Highnesses Princes Tsai-tao and Tsai-Hsun of China; and His Imperial Highness Prince Higashi Fushimi, and Prince Tokugawa, President of the House of Peers of Japan. The Secretary of War has recently visited Japan and China in connection with his tour to the Philippines, and a large delegation of American business men are at present traveling in China. This exchange of friendly visits has had the happy effect of even further strengthening our friendly international relations.

LATIN AMERICA.

During the past year several of our southern sister Republics celebrated the one hundredth anniversary of their independence. In honor of these events, special embassies were sent from this country to Argentina, Chile, and Mexico, where the gracious reception and splendid hospitality extended them manifested the cordial relations and friendship existing between those countries and the United States, relations which I am happy to believe have never before been upon so high a plane and so solid a basis as at present.

The Congressional commission appointed under a concurrent resolution to attend the festivities celebrating the centennial anniversary of Mexican independence, together with a special ambassador, were received with the highest honors and with the greatest cordiality, and returned with the report of the bounteous hospitality and warm reception of President Diaz and the Mexican people, which left no doubt of the desire of the immediately neighboring Republic to continue the mutually beneficial and intimate relations which I feel sure the two governments will ever cherish.

At the Fourth Pan-American Conference which met in Buenos Aires during July and August last, after seven weeks of harmonious deliberation, three conventions were signed providing for the regulation of trade-marks, patents, and copyrights, which when ratified by the different Governments, will go far toward furnishing to American authors, patentees, and owners of trade-marks the protection needed in localities where heretofore it has been either lacking or inadequate. Further, a convention for the arbitration of pecuniary claims was signed and a number of important resolutions passed. The Conventions will in due course be transmitted to the Senate, and the report of the Delegation of the United States will be communicated to the Congress for its information. The special cordiality between representative men from all parts of America which was shown at this Conference cannot fail to react upon and draw still closer the relations between the countries which took part in it.

The International Bureau of American Republics is doing a broad and useful work for Pan American commerce and comity. Its duties were much enlarged by the International Conference of American States at Buenos Aires and its name was shortened to the more practical and expressive term of Pan American Union. Located now in its new building, which was specially dedicated April 26 of this year to the development of friendship, trade and peace among the American nations, it has improved instrumentalities to serve the twenty-two republics of this hemisphere.

I am glad to say that the action of the United States in its desire to remove imminent danger of war between Peru and Ecuador growing out of a boundary dispute, with the cooperation of Brazil and the Argentine Republic as joint mediators with this Government, has already resulted successfully in preventing war. The Government of Chile, while not one of the mediators, lent effective aid in furtherance of a preliminary agreement likely to lead on to an amicable settlement, and it is not doubted that the good offices of the mediating Powers and the conciliatory cooperation of the Governments directly interested will finally lead to a removal of this perennial cause of friction between Ecuador and Peru. The inestimable value of cordial cooperation between the sister republics of America for the maintenance of peace in this hemisphere has never been more clearly shown than in this mediation, by which three American Governments have given to this hemisphere the honor of first invoking the most far-reaching provisions of The Hague Convention for the pacific settlement of international disputes.

There has been signed by the representatives of the United States and Mexico a protocol submitting to the United States-Mexican Boundary Commission (whose membership for the purpose of this

case is to be increased by the addition of a citizen of Canada) the question of sovereignty over the Chamizal Tract which lies within the present physical boundaries of the city of El Paso, Tex. The determination of this question will remove a source of no little annoyance to the two Governments.

The Republic of Honduras has for many years been burdened with a heavy bonded debt held in Europe, the interest on which long ago fell in arrears. Finally conditions were such that it became imperative to refund the debt and place the finances of the Republic upon a sound basis. Last year a group of American bankers undertook to do this and to advance funds for railway and other improvements contributing directly to the country's prosperity and commerce—an arrangement which has long been desired by this Government. Negotiations to this end have been under way for more than a year and it is now confidently believed that a short time will suffice to conclude an arrangement which will be satisfactory to the foreign creditors, eminently advantageous to Honduras, and highly creditable to the judgment and foresight of the Honduranean Government. This is much to be desired since, as recognized by the Washington Conventions, a strong Honduras would tend immensely to the progress and prosperity of Central America.

During the past year the Republic of Nicaragua has been the scene of internecine struggle. General Zelaya, for seventeen years the absolute ruler of Nicaragua, was throughout his career the disturber of Central America and opposed every plan for the promotion of peace and friendly relations between the five republics. When the people of Nicaragua were finally driven into rebellion by his lawless exactions, he violated the laws of war by the unwarranted execution of two American citizens who had regularly enlisted in the ranks of the revolutionists. This and other offenses made it the duty of the American Government to take measures with a view to ultimate reparation and for the safeguarding of its interests. This involved the breaking off of all diplomatic relations with the Zelaya Government for the reasons laid down in a communication from the Secretary of State, which also notified the contending factions in Nicaragua that this Government would hold each to strict accountability for outrages on the rights of American citizens. American forces were sent to both coasts of Nicaragua to be in readiness should occasion arise to protect Americans and their interests, and remained there until the war was over and peace had returned to that unfortunate country. These events, together with Zelaya's continued exactions, brought him so clearly to the bar of public opinion that he was forced to resign and to take refuge abroad.

In the above-mentioned communication of the Secretary of State

to the Chargé d'Affaires of the Zelaya Government, the opinion was expressed that the revolution represented the wishes of the majority of the Nicaraguan people. This has now been proved beyond doubt by the fact that since the complete overthrow of the Madriz Government and the occupation of the capital by the forces of the revolution, all factions have united to maintain public order and as a result of discussion with an Agent of this Government, sent to Managua at the request of the Provisional Government, comprehensive plans are being made for the future welfare of Nicaragua, including the rehabilitation of public credit. The moderation and conciliatory spirit shown by the various factions give ground for the confident hope that Nicaragua will soon take its rightful place among the law-abiding and progressive countries of the world.

It gratifies me exceedingly to announce that the Argentine Republic some months ago placed with American manufacturers a contract for the construction of two battle-ships and certain additional naval equipment. The extent of this work and its importance to the Argentine Republic make the placing of the bid an earnest of friendly feeling toward the United States.

TARIFF NEGOTIATIONS.

The new tariff law, in section 2, respecting the maximum and minimum tariffs of the United States, which provisions came into effect on April 1, 1910, imposed upon the President the responsibility of determining prior to that date whether or not any undue discrimination existed against the United States and its products in any country of the world with which we sustained commercial relations.

In the case of several countries instances of apparent undue discrimination against American commerce were found to exist. These discriminations were removed by negotiation. Prior to April 1, 1910, when the maximum tariff was to come into operation with respect to importations from all those countries in whose favor no proclamation applying the minimum tariff should be issued by the President, one hundred and thirty-four such proclamations were issued. This series of proclamations embraced the entire commercial world, and hence the minimum tariff of the United States has been given universal application, thus testifying to the satisfactory character of our trade relations with foreign countries.

Marked advantages to the commerce of the United States were obtained through these tariff settlements. Foreign nations are fully cognizant of the fact that under section 2 of the tariff act the President is required, whenever he is satisfied that the treatment accorded by them to the products of the United States is not such as to entitle them to the benefits of the minimum tariff of the United States, to

withdraw those benefits by proclamation giving ninety days' notice, after which the maximum tariff will apply to their dutiable products entering the United States. In its general operation this section of the tariff law has thus far proved a guaranty of continued commercial peace, although there are unfortunately instances where foreign governments deal arbitrarily with American interests within their jurisdiction in a manner injurious and inequitable.

The policy of broader and closer trade relations with the Dominion of Canada which was initiated in the adjustment of the maximum and minimum provisions of the Tariff Act of August, 1909, has proved mutually beneficial. It justifies further efforts for the readjustment of the commercial relations of the two countries so that their commerce may follow the channels natural to contiguous countries and be commensurate with the steady expansion of trade and industry on both sides of the boundary line. The reciprocation on the part of the Dominion Government of the sentiment which was expressed by this Government was followed in October by the suggestion that it would be glad to have the negotiations, which had been temporarily suspended during the summer, resumed. In accordance with this suggestion the Secretary of State, by my direction, dispatched two representatives of the Department of State as special commissioners to Ottawa to confer with representatives of the Dominion Government. They were authorized to take such steps for formulating a reciprocal trade agreement as might be necessary and to receive and consider any propositions which the Dominion Government might care to submit.

Pursuant to the instructions issued conferences were held by these commissioners with officials of the Dominion Government at Ottawa in the early part of November.

The negotiations were conducted on both sides in a spirit of mutual accommodation. The discussion of the common commercial interests of the two countries had for its object a satisfactory basis for a trade arrangement which offers the prospect of a freer interchange for the products of the United States and of Canada. The conferences were adjourned to be resumed in Washington in January, when it is hoped that the aspiration of both Governments for a mutually advantageous measure of reciprocity will be realized.

FOSTERING FOREIGN TRADE.

All these tariff negotiations, so vital to our commerce and industry, and the duty of jealously guarding the equitable and just treatment of our products, capital, and industry abroad devolve upon the Department of State.

The Argentine battle-ship contracts, like the subsequent important

one for Argentine railway equipment, and those for Cuban Government vessels, were secured for our manufacturers largely through the good offices of the Department of State.

The efforts of that Department to secure for citizens of the United States equal opportunities in the markets of the world and to expand American commerce have been most successful. The volume of business obtained in new fields of competition and upon new lines is already very great and Congress is urged to continue to support the Department of State in its endeavors for further trade expansion.

Our foreign trade merits the best support of the Government and the most earnest endeavor of our manufacturers and merchants, who, if they do not already in all cases need a foreign market, are certain soon to become dependent on it. Therefore, now is the time to secure a strong position in this field.

AMERICAN BRANCH BANKS ABROAD.

I cannot leave this subject without emphasizing the necessity of such legislation as will make possible and convenient the establishment of American banks and branches of American banks in foreign countries. Only by such means can our foreign trade be favorably financed, necessary credits be arranged, and proper avail be made of commercial opportunities in foreign countries, and most especially in Latin America.

AID TO OUR FOREIGN MERCHANT MARINE.

Another instrumentality indispensable to the unhampered and natural development of American commerce is merchant marine. All maritime and commercial nations recognize the importance of this factor. The greatest commercial nations, our competitors, jealously foster their merchant marine. Perhaps nowhere is the need for rapid and direct mail, passenger and freight communication quite so urgent as between the United States and Latin America. We can secure in no other quarter of the world such immediate benefits in friendship and commerce as would flow from the establishment of direct lines of communication with the countries of Latin America adequate to meet the requirements of a rapidly increasing appreciation of the reciprocal dependence of the countries of the Western Hemisphere upon each other's products, sympathies and assistance.

I alluded to this most important subject in my last annual message; it has often been before you and I need not recapitulate the reasons for its recommendation. Unless prompt action be taken the completion of the Panama Canal will find this the only great commercial nation unable to avail in international maritime business of this great improvement in the means of the world's commercial intercourse.

Quite aside from the commercial aspect, unless we create a merchant marine, where can we find the seafaring population necessary as a natural naval reserve and where could we find, in case of war, the transports and subsidiary vessels without which a naval fleet is arms without a body? For many reasons I cannot too strongly urge upon the Congress the passage of a measure by mail subsidy or other subvention adequate to guarantee the establishment and rapid development of an American merchant marine, and the restoration of the American flag to its ancient place upon the seas.

Of course such aid ought only to be given under conditions of publicity of each beneficiary's business and accounts which would show that the aid received was needed to maintain the trade and was properly used for that purpose.

FEDERAL PROTECTION TO ALIENS.

With our increasing international intercourse, it becomes incumbent upon me to repeat more emphatically than ever the recommendation which I made in my Inaugural Address that Congress shall at once give to the Courts of the United States jurisdiction to punish as a crime the violation of the rights of aliens secured by treaty with the United States, in order that the general government of the United States shall be able, when called upon by a friendly nation, to redeem its solemn promise by treaty to secure to the citizens or subjects of that nation resident in the United States, freedom from violence and due process of law in respect to their life, liberty and property.

MERIT SYSTEM FOR DIPLOMATIC AND CONSULAR SERVICE.

I also strongly commend to the favorable action of the Congress the enactment of a law applying to the diplomatic and consular service the principles embodied in Section 1753 of the Revised Statutes of the United States, in the Civil Service Act of January 16, 1883, and the Executive Orders of June 27, 1906, and of November 26, 1909. The excellent results which have attended the partial application of Civil Service principles to the diplomatic and consular services are an earnest of the benefit to be wrought by a wider and more permanent extension of those principles to both branches of the foreign service. The marked improvement in the consular service during the four years since the principles of the Civil Service Act were applied to that service in a limited way, and the good results already noticeable from a similar application of civil service principles to the diplomatic service a year ago, convince me that the enactment into law of the general principles of the existing executive regulations could not fail to effect further improvement of both branches of the foreign service, offering as it would by its assurance of permanency of tenure and

promotion on merit, an inducement for the entry of capable young men into the service and an incentive to those already in to put forth their best efforts to attain and maintain that degree of efficiency which the interests of our international relations and commerce demand.

GOVERNMENT OWNERSHIP OF OUR EMBASSY AND LEGATION PREMISES.

During many years past appeals have been made from time to time to Congress in favor of Government ownership of embassy and legation premises abroad. The arguments in favor of such ownership have been many and oft repeated and are well known to the Congress. The acquisition by the Government of suitable residences and offices for its diplomatic officers, especially in the capitals of the Latin-American States and of Europe, is so important and necessary to an improved diplomatic service that I have no hesitation in urging upon the Congress the passage of some measure similar to that favorably reported by the House Committee on Foreign Affairs on February 14, 1910 (Report No. 438), that would authorize the gradual and annual acquisition of premises for diplomatic use.

The work of the Diplomatic Service is devoid of partisanship; its importance should appeal to every American citizen and should receive the generous consideration of the Congress.

TREASURY DEPARTMENT.

ESTIMATES FOR NEXT YEAR'S EXPENSES.

Every effort has been made by each department chief to reduce the estimated cost of his department for the ensuing fiscal year ending June 30, 1912. I say this in order that Congress may understand that these estimates thus made present the smallest sum which will maintain the departments, bureaus, and offices of the Government and meet its other obligations under existing law, and that a cut of these estimates would result in embarrassing the executive branch of the Government in the performance of its duties. This remark does not apply to the river and harbor estimates, except to those for expenses of maintenance and the meeting of obligations under authorized contracts, nor does it apply to the public building bill nor to the navy building program. Of course, as to these Congress could withhold any part or all of the estimates for them without interfering with the discharge of the ordinary obligations of the Government or the performance of the functions of its departments, bureaus, and offices.

A FIFTY-TWO MILLION CUT.

The final estimates for the year ending June 30, 1912, as they have been sent to the Treasury, on November 29 of this year, for the or-

dinary expenses of the Government, including those for public buildings, rivers and harbors, and the navy building program, amount to $630,494,013.12. This is $52,964,887.36 less than the appropriations for the fiscal year ending June 30, 1911. It is $16,883,153.44 less than the total estimates, including supplemental estimates submitted to Congress by the Treasury for the year 1911, and is $5,574,659.39 less than the original estimates submitted by the Treasury for 1911.

These figures do not include the appropriations for the Panama Canal, the policy in respect to which ought to be, and is, to spend as much each year as can be economically and effectively expended in order to complete the Canal as promptly as possible, and, therefore, the ordinary motive for cutting down the expense of the Government does not apply to appropriations for this purpose. It will be noted that the estimates for the Panama Canal for the ensuing year are more than fifty-six millions of dollars, an increase of twenty millions over the amount appropriated for this year—a difference due to the fact that the estimates for 1912 include something over nineteen millions for the fortification of the Canal. Against the estimated expenditures of $630,494,013.12, the Treasury has estimated receipts for next year $680,000,000, making a probable surplus of ordinary receipts over ordinary expenditures of about $50,000,000.

A table showing in detail the estimates and the comparisons referred to follows. (See next page.)

TYPICAL ECONOMIES.

The Treasury Department is one of the original departments of the Government. With the changes in the monetary system made from time to time and with the creation of national banks, it was thought necessary to organize new bureaus and divisions which were added in a somewhat haphazard way and resulted in a duplication of duties which might well now be ended. This lack of system and economic coordination has attracted the attention of the head of that Department who has been giving his time for the last two years, with the aid of experts and by consulting his bureau chiefs, to its reformation. He has abolished four hundred places in the civil service without at all injuring its efficiency. Merely to illustrate the character of the reforms that are possible, I shall comment on some of the specific changes that are being made, or ought to be made by legislative aid.

AUDITING SYSTEM.

The auditing system in vogue is as old as the Government and the methods used are antiquated. There are six Auditors and seven Assistant Auditors for the nine departments, and under the present system the only function which the Auditor of a department exercises is to determine, on accounts presented by disbursing officers, that the

Statement of estimates of appropriations for the fiscal years 1912 and 1911, and of appropriations for 1911, showing increases and decreases.

	Final estimates for 1912 as of November 29.	Original estimates submitted by the Treasury for 1911.	Total estimates for 1911 including supplementals.	Appropriations for 1911.	Increase (+) and decrease (−), 1912 estimates against 1911 total estimates.	Increase (+) and decrease (−), 1912 estimates against 1911 appropriations.	Increase (+) and decrease (−), 1911 estimates against 1911 appropriations.
Legislative	$13,426,805.73	$13,169,679.70	$13,169,679.70	$12,938,048.00	+ $257,126.03	+ $488,757.73	+ $231,631.70
Executive	998,170.00	472,270.00	722,270.00	870,750.00	+ 275,900.00	+ 127,420.00	− 148,480.00
State Department	4,875,576.41	4,576,301.41	4,749,801.41	5,046,701.41	+ 125,775.00	− 171,125.00	− 296,900.00
Treasury Department:							
Treasury Department proper	68,735,451.00	69,865,240.00	70,393,543.75	69,973,434.61	− 1,658,092.75	− 1,237,983.61	+ 420,109.14
Public buildings and works	11,864,545.60	6,198,365.60	7,101,465.60	5,565,164.00	+ 4,763,080.00	+ 6,299,381.60	+ 1,536,301.60
Territorial governments	202,150.00	287,350.00	292,350.00	282,600.00	− 90,200.00	− 80,450.00	+ 9,750.00
Independent offices	2,638,695.12	2,400,695.12	2,492,695.12	2,128,695.12	+ 146,000.00	+ 510,000.00	+ 364,000.00
District of Columbia	13,602,785.90	11,884,928.49	12,108,878.49	11,440,345.99	+ 1,493,907.41	+ 2,162,439.91	+ 668,532.50
War Department:							
War Department proper	120,104,260.12	124,165,656.28	125,717,204.77	122,322,178.12	− 5,612,944.65	− 2,217,918.00	+ 3,395,026.65
Rivers and harbors	28,232,438.00	28,232,465.00	28,232,465.00	49,390,541.50	− 27.00	−21,158,103.50	−21,158,076.50
Navy Department:							
Navy Department proper	116,101,730.24	117,029,914.38	119,768,860.83	119,596,870.46	− 3,667,130.59	− 3,495,140.22	+ 171,990.37
New navy building program	12,840,428.00	12,844,122.00	12,844,122.00	14,790,122.00	− 3,694.00	− 1,949,694.00	− 1,946,000.00
Interior Department	189,151,875.00	191,224,182.90	193,948,582.02	214,754,278.00	− 4,796,707.02	−25,602,403.00	−20,805,695.98
Post-Office Department proper	1,697,490.00	1,695,690.00	1,695,690.00	2,085,005.33	+ 1,800.00	− 387,515.33	− 389,315.33
Deficiency in postal revenues	.....	10,634,122.63	10,634,122.63	10,634,122.63	−10,634,122.65	−10,634,122.63	.....
Department of Agriculture	19,681,066.00	17,681,136.00	17,753,931.24	17,821,836.00	+ 1,927,134.76	+ 1,859,230.00	− 67,904.76
Department of Commerce and Labor	16,276,970.00	14,187,913.00	15,789,271.00	14,169,969.32	+ 487,699.00	+ 2,107,000.68	+ 1,619,301.68
Department of Justice	10,063,576.00	9,518,640.00	9,962,233.00	9,648,237.99	+ 101,343.00	+ 415,338.01	+ 313,995.01
Total ordinary	630,494,013.12	636,068,672.51	647,377,166.56	683,458,900.48	−16,883,153.44	−52,964 887.36	−36,081,733.92
Panama Canal	56,920,847.69	48,063,524.70	52,063,524 70	37,855,000.00	+ 4,857,322.99	+19,065,847.69	+14,208,524.70
Total	687,414,860.81	684,132,197.21	699,440,691.26	721,313,900.48	−12,025,830.45	−33,899,039.67	−21,873,209.22

object of the expenditure was within the law and the appropriation made by Congress for the purpose on its face, and that the calculations in the accounts are correct. He does not examine the merits of the transaction or determine the reasonableness of the price paid for the articles purchased, nor does he furnish any substantial check upon disbursing officers and the heads of departments or bureaus with sufficient promptness to enable the Government to recoup itself in full measure for unlawful expenditure. A careful plan is being devised and will be presented to Congress with the recommendation that the force of auditors and employees under them be greatly reduced, thereby effecting substantial economy. But this economy will be small compared with the larger economy that can be effected by consolidation and change of methods. The possibilities in this regard have been shown in the reduction of expenses and the importance of methods and efficiency in the office of the Auditor for the Post Office Department, who, without in the slightest degree impairing the comprehensiveness and efficiency of his work, has cut down the expenses of his office $120,000 a year.

CUSTOMS COLLECTION.

Again, in the collection of the revenues, especially the customs revenues, a very great improvement has been effected, and further improvements are contemplated. By the detection of frauds in weighing sugar, upwards of $3,400,000 have been recovered from the beneficiaries of the fraud, and an entirely new system free from the possibilities of such abuse has been devised. The Department has perfected the method of collecting duties at the Port of New York so as to save the Government upwards of ten or eleven million dollars; and the same spirit of change and reform has been infused into the other customs offices of the country.

The methods used at many places are archaic. There would seem to be no reason at all why the Surveyor of the Port, who really acts for the Collector, should not be a subordinate of the Collector at a less salary and directly under his control, and there is but little reason for the existence of the Naval Officer, who is a kind of local auditor. His work is mainly an examination of accounts which is conducted again in Washington and which results in no greater security to the Government. The Naval Officers in the various ports are Presidential appointees, many of them drawing good salaries, and those offices should be abolished or with reduced force made part of the central auditing system.

There are entirely too many customs districts and too many customs collectors. These districts should be consolidated and the collectors in charge of them, who draw good salaries, many of them out of pro-

portion to the collections made, should be abolished or treated as mere branch offices, in accordance with the plan of the Treasury Department, which will be presented for the consideration of Congress. As an illustration, the cost of collecting $1 of revenue at typical small ports like the port of York, Me., was $50.04. At the port of Annapolis, Md., it cost $309.41 to collect $1 of revenue; at Natchez, $52.76; at Alexandria, Va., $122.49.

It is not essential to the preventing of smuggling that customs districts should be increased in number. The violation of the customs laws can be quite as easily prevented, and much more economically, by the revenue-cutter service and by the use of the special agent traveling force of the Treasury Department. A reorganization of the special customs agents has been perfected with a view to retaining only those who have special knowledge of the customs laws, regulations, and usual methods of evasion, and with this improvement, there will be no danger to the Government from the recommended consolidation and abolition of customs districts.

An investigation of the appraising system now in vogue in New York City has shown a sacrifice of the interests of the Government by under-appraisement, which is in the course of being remedied by reorganization and the employment of competent experts. Prosecutions have been instituted growing out of the frauds there discovered and are now awaiting hearing in the Federal Courts.

Very great improvements have been made in respect to the mints and assay offices. Diminished appropriations have been asked for those whose continuance is unnecessary, and this year's estimate of expenses is $326,000 less than two years ago. There is an opportunity for further saving in the abolition of several mints and assay offices that have now become unnecessary. Modern machinery has been installed there, more and better work has been done, and the appropriations have been consequently diminished.

In the Bureau of Engraving and Printing, great economies have been effected. Useless divisions have been abolished with the result of saving $440,000 this year in the total expenses of the Bureau despite increased business.

The Treasurer's office and that of the Division of Public Moneys in part cover the same functions and this is also true of the office of the Register and the Division of Loans and Currency. Plans for the elimination of the duplication in these offices will be presented to Congress.

COMPTROLLER OF THE CURRENCY.

The office of the Comptroller of the Currency is one most important in the preservation of proper banking methods in the national banking system of the United States, and the present Comptroller has

impressed his subordinates with the necessity of so conducting their investigations as to establish the principle that every bank failure is unnecessary because proper inspection and notice of threatening conditions to the responsible directors and officers can prevent it.

PUBLIC BUILDINGS.

In our public buildings we still suffer from the method of appropriation, which has been so much criticised in connection with our rivers and harbors. Some method should be devised for controlling the supply of public buildings, so that they will harmonize with the actual needs of the Government. Then, when it comes to the actual construction, there has been in the past too little study of the building plans and sites with a view to the actual needs of the Government. Post-Office buildings which are in effect warehouses for the economical handling of transportation of thousands of tons of mail have been made monumental structures, and often located far from the convenient and economical spot. In the actual construction of the buildings, a closer scrutiny of the methods employed by the Government architects or by architects employed by the Government have resulted in decided economies. It is hoped that more time will give opportunity for a more thorough reorganization. The last public building bill carried authorization for the ultimate expenditure of $33,011,500 and I approved it because of the many good features it contained, just as I approved the river and harbor bill, but it was drawn upon a principle that ought to be abandoned. It seems to me that the wiser method of preparing a public building bill would be the preparation of a report by a commission of Government experts whose duty it should be to report to Congress the Government's needs in the way of the construction of public buildings in every part of the country, just as the Army Engineers make report with reference to the utility of proposed improvements in rivers and harbors, with the added function which I have recommended for the Army Engineers of including in their recommendation the relative importance of the various projects found to be worthy of approval and execution.

REVENUES.

As the Treasury Department is the one through which the income of the Government is collected and its expenditures are disbursed, this seems a proper place to consider the operation of the existing tariff bill, which became a law August 6, 1909. As an income-producing measure, the existing tariff bill has never been exceeded by any customs bill in the history of the country.

The corporation excise tax, proportioned to the net income of every business corporation in the country, has worked well. The tax has been easily collected. Its prompt payment indicates that the incidence

of the tax has not been heavy. It offers, moreover, an opportunity for knowledge by the Government of the general condition and business of all corporations, and that means by far the most important part of the business of the country. In the original act provision was made for the publication of returns. This provision was subsequently amended by Congress, and the matter left to the regulation of the President. I have directed the issue of the needed regulations, and have made it possible for the public generally to know from an examination of the record, the returns of all corporations, the stock of which is listed on any public stock exchange or is offered for sale to the general public by advertisement or otherwise. The returns of those corporations whose stock is not so listed or offered for sale are directed to be open to the inspection and examination of creditors and stockholders of the corporation whose record is sought. The returns of all corporations are subject to the inspection of any government officer or to the examination of any court, in which the return made by the corporation is relevant and competent evidence.

THE PAYNE TARIFF ACT.

The schedules of the rates of duty in the Payne tariff act have been subjected to a great deal of criticism, some of it just, more of it unfounded, and to much misrepresentation. The act was adopted in pursuance of a declaration by the party which is responsible for it that a customs bill should be a tariff for the protection of home industries, the measure of the protection to be the difference between the cost of producing the imported article abroad and the cost of producing it at home, together with such addition to that difference as might give a reasonable profit to the home producer. The chief criticism of this tariff is a charge that in respect to a number of the schedules the declared measure was not followed, but a higher difference retained or inserted by way of undue discrimination in favor of certain industries and manufactures. Little, if any, of the criticism of the tariff has been directed against the protective principle above stated.

TARIFF BOARD.

The time in which the tariff was prepared undoubtedly was so short as to make it impossible for the Congress and its experts to acquire all the information necessary strictly to conform to the declared measure. In order to avoid criticism of this kind in the future and for the purpose of more nearly conforming to the party promise, Congress at its last session made provision at my request for the continuance of a board created under the authority of the maximum and minimum clause of the tariff bill, and authorized this board to expend the money appropriated under my direction for the ascertainment of the cost of production at home and abroad of the various articles included in

the schedules of the tariff. The tariff board thus appointed and authorized has been diligent in preparing itself for the necessary investigations. The hope of those who have advocated the use of this board for tariff purposes is that the question of the rate of a duty imposed shall become more of a business question and less of a political question, to be ascertained by experts of long training and accurate knowledge. The halt in business and the shock to business, due to the announcement that a new tariff bill is to be prepared and put in operation, will be avoided by treating the schedules one by one as occasion shall arise for a change in the rates of each, and only after a report upon the schedule by the tariff board competent to make such report. It is not likely that the board will be able to make a report during the present session of Congress on any of the schedules, because a proper examination involves an enormous amount of detail and a great deal of care; but I hope to be able at the opening of the new Congress, or at least during the session of that Congress, to bring to its attention the facts in regard to those schedules in the present tariff that may prove to need amendment. The carrying out of this plan, of course, involves the full cooperation of Congress in limiting the consideration in tariff matters to one schedule at a time, because if a proposed amendment to a tariff bill is to involve a complete consideration of all the schedules and another revision, then we shall only repeat the evil from which the business of this country has in times past suffered most grievously by stagnation and uncertainty, pending a resettlement of a law affecting all business directly or indirectly. I can not too much emphasize the importance and benefit of the plan above proposed for the treatment of the tariff. It facilitates the removal of noteworthy defects in an important law without a disturbance of business prosperity, which is even more important to the happiness and the comfort of the people than the elimination of instances of injustice in the tariff.

The inquiries which the members of the Tariff Board made during the last summer into the methods pursued by other Governments with reference to the fixing of tariffs and the determination of their effect upon trade, show that each Government maintains an office or bureau, the officers and employees of which have made their life work the study of tariff matters, of foreign and home prices and cost of articles imported, and the effect of the tariff upon trade, so that whenever a change is thought to be necessary in the tariff law this office is the source of the most reliable information as to the propriety of the change and its effect. I am strongly convinced that we need in this Government just such an office, and that it can be secured by making the Tariff Board already appointed a permanent tariff commission, with such duties, powers, and emoluments as it may seem wise to Con-

gress to give. It has been proposed to enlarge the board from three to five. The present number is convenient, but I do not know that an increase of two members would be objectionable.

Whether or not the protective policy is to be continued, and the degree of protection to be accorded to our home industries, are questions which the people must decide through their chosen representatives; but whatever policy is adopted, it is clear that the necessary legislation should be based on an impartial, thorough, and continuous study of the facts.

BANKING AND CURRENCY REFORM.

The method of impartial scientific study by experts as a preliminary to legislation, which I hope to see ultimately adopted as our fixed national policy with respect to the tariff, rivers and harbors, waterways, and public buildings, is also being pursued by the nonpartisan Monetary Commission of Congress. An exhaustive and most valuable study of the banking and currency systems of foreign countries has been completed.

A comparison of the business methods and institutions of our powerful and successful commercial rivals with our own is sure to be of immense value. I urge upon Congress the importance of a nonpartisan and disinterested study and consideration of our banking and currency system. It is idle to dream of commercial expansion, and of the development of our national trade on a scale that measures up to our matchless opportunities, unless we can lay a solid foundation in a sound and enduring banking and currency system. The problem is not partisan, is not sectional—it is national.

WAR DEPARTMENT.

The War Department has within its jurisdiction the management of the Army, and, in connection therewith, the coast defenses; the government of the dependencies of the Philippines and of Porto Rico; the recommendation of plans for the improvement of harbors and waterways, and their execution when adopted; and, by virtue of an executive order, the supervision of the construction of the Panama Canal.

The Army of the United States is a small body compared with the total number of people for the preservation of whose peace and good order it is a last resource. The Army now numbers about 80,000 men, of whom about 18,000 are engaged in the Coast Artillery and detailed to the management and use of the guns in the forts and batteries that protect our coasts. The rest of the Army, or about 60,000, is the mobile part of our national forces and is divided into 31 regiments of infantry, including the Porto Rican regiment, 15 regiments of cavalry, 6 regiments of field artillery, a corps of ordnance, of engineers, and

of signal, a quartermaster's department, a commissary department, and a medical corps.

The general plan for an army of the United States at peace should be that of a skeleton organization with an excess of trained officers and thus capable of rapid enlargement by enlistments, to be supplemented in emergency by the national militia and a volunteer force. In some measure this plan has been adopted in the very large proportion of cavalry and field artillery as compared with infantry in the present army and on a peace basis. An infantry force can be trained in six months; a cavalry or a light artillery force not under one and one-half or two years; hence the importance of having ready a larger number of the more skilled soldiers.

The militia system, for which Congress by the Constitution is authorized to provide, was developed by the so-called Dick law, under which the discipline, the tactics, the drill, the rank, the uniform, and the various branches of the militia are assimilated as far as possible to those of the Regular Army. Under the militia law, as the Constitution provides, the Governors of the States appoint the militia officers, but, by appropriations from Congress, States have been induced to comply with the rules of assimilation between the Regular Army and the militia, so that now there is a force, the efficiency of which differs in different States, which could be incorporated under a single command with the Regular Army, and which for some time each year receives the benefit of drill and maneuvers with conditions approximating actual military service, under the supervision of Regular Army officers.

In the Army of the United States, in addition to the regular forces and the militia forces which may be summoned to the defense of the Nation by the President, there is also the volunteer force, which made up a very large part of the army in the Civil War, and which in any war of long continuance would become its most important constituent. There is an act which dates from the Civil War, known as the Volunteer Act, which makes provision for the enlistment of volunteers in the Army of the United States in time of war. This was found to be so defective in the Philippine War that a special act for the organization of volunteer regiments to take part in that war was adopted, and it was much better adapted to the necessities of the case. There is now pending in Congress a bill repealing the present Volunteer Act and making provision for the organization of volunteer forces in time of war, which is admirably adapted to meet the exigencies which would be then presented. The passage of the bill would not entail a dollar's expense upon the Government at this time, or in the future, until war comes, but when war does come the methods therein directed are in accordance with the best military judgment as to what they ought to be, and the act would prevent the necessity for the discussion of new

legislation and the delays incident to its consideration and adoption. I earnestly urge the passage of this Volunteer Bill.

I further recommend that Congress establish a commission to determine as early as practicable a comprehensive policy for the organization, mobilization and administration of the Regular Army, the organized militia, and the volunteer forces in the event of war.

NEED FOR ADDITIONAL OFFICERS.

One of the great difficulties in the prompt organization and mobilization of militia and volunteer forces is the absence of competent officers of the rank of captain to teach the new army, by the unit of the company, the business of being soldiers and of taking care of themselves so as to render effective service. This need of army officers can only be supplied by provisions of law authorizing the appointment of a greater number of army officers than are needed to supply the commands of regular army troops now enlisted in the service. There are enough regular army officers to command the troops now enlisted, but Congress has authorized, and the Department has followed the example of Congress and exercised the authority conferred by detailing these army officers to duty other than that of the command of troops. For instance, there are a large number of army officers assigned to duty with military colleges or in colleges in which military training is given. Then a large number of officers are assigned to General Staff duty, and there are various other places to which army officers can be and are legally assigned, which take them away from their regiments and companies. In order that the militia of each State should be properly drilled and made more like the regular army, regular army officers should be detailed to assist the Adjutant-General of each State in the supervision of the state militia; but this is impossible unless provision is made by Congress for a very considerable increase in the number of company and field officers of the Army. A bill is pending in Congress for this purpose, and I earnestly hope that, in the interest of the proper development of a republican army, an army, small in the time of peace but possible of prompt and adequate enlargement in time of war, shall become possible under the laws of the United States.

PROPOSED INCREASE IN ARMY ENGINEERS.

A bill, the strong argument for which can be based on the ground quite similar to that of the increased officers bill, is a bill for the increase of sixty in the Army Engineers. The Army Engineers are largely employed in the expenditure of the moneys appropriated for the improvement of rivers and harbors and in the construction of the Panama Canal. This, in addition to their military duties, which include the building of fortifications both on our coasts and in our dependencies, requires many more engineers than the Army has, and

public works, civil and military, are, therefore, much delayed. I earnestly recommend the passage of this bill, which passed the House at the last session and is now pending in the Senate.

FORTIFICATIONS.

I have directed that the estimates for appropriation for the improvement of coast defenses in the United States should be reduced to a minimum, while those for the completion of the needed fortifications at Corregidor in the Philippine Islands and at Pearl Harbor in the Hawaiian Islands should be expedited as much as possible. The proposition to make Olongapo and Subig Bay the naval base for the Pacific was given up, and it is to be treated merely as a supply station, while the fortifications in the Philippines are to be largely confined to Corregidor Island and the adjacent islands which command entrance to Manila Bay and which are being rendered impregnable from land and sea attack. The Pacific Naval base has been transferred to Pearl Harbor in the Hawaiian Islands. This necessitates the heavy fortification of the harbor and the establishment of an important military station near Honolulu. I urge that all the estimates made by the War Department for these purposes be approved by Congressional appropriation.

PHILIPPINE ISLANDS.

During the last summer, at my request, the Secretary of War visited the Philippine Islands and has described his trip in his report. He found the Islands in a state of tranquillity and growing prosperity, due largely to the change in the tariff laws, which has opened the markets of America to the products of the Philippines, and has opened the Philippine markets to American manufactures. The rapid increase in the trade between the two countries is shown in the following table:

Philippine exports, fiscal years 1908–1910.

[Exclusive of gold and silver.]

Fiscal year.	To—		Total.
	United States.	Other countries.	
1908	$10,323,233	$22,493,334	$32,816,567
1909	10,215,331	20,778,232	30,993,563
1910	18,741,771	21,122,398	39,864,169

NOTE.—Latest monthly returns show exports for the year ending August, 1910, to the United States $20,035,902, or 49 per cent of the $41,075,738 total, against $11,031,275 to the United States, or 34 per cent of the $32,183,871 total for the year ending August, 1909.

Philippine imports, fiscal years 1908–1910.
[Exclusive of gold and silver and government supplies.]

Fiscal year.	From—		Total.
	United States.	Other countries.	
1908	$5,079,487	$25,838,870	$30,918,357
1909	4,691,770	23,100,627	27,792,397
1910	10,775,301	26,292,329	37,067,630

NOTE.—Latest monthly returns show imports for the year ending August, 1910, from the United States $11,615,982, or 30 per cent of the $39,025,667 total, against $5,193,419 from the United States, or 18 per cent of the $28,948,011 total for the year ending August, 1909.

PORTO RICO.

The year has been one of prosperity and progress in Porto Rico. Certain political changes are embodied in the bill "To Provide a Civil Government for Porto Rico and for other Purposes," which passed the House of Representatives on June 15, 1910, at the last session of Congress, and is now awaiting the action of the Senate.

The importance of those features of this bill relating to public health and sanitation can not be overestimated.

The removal from politics of the judiciary by providing for the appointment of the municipal judges is excellent, and I recommend that a step further be taken by providing therein for the appointment of secretaries and marshals of these courts.

The provision in the bill for a partially elective senate, the number of elective members being progressively increased, is of doubtful wisdom, and the composition of the senate as provided in the bill when introduced in the House, seems better to meet conditions existing in Porto Rico. This is an important measure, and I recommend its early consideration and passage.

RIVERS AND HARBORS.

I have already expressed my opinion to Congress in respect to the character of the river and harbor bills which should be enacted into law; and I have exercised as much power as I could under the law in directing the Chief of Engineers to make his report to Congress conform to the needs of the committee framing such a bill in determining which of the proposed improvements is the more important and ought to be completed first, and promptly.

PANAMA CANAL.

At the instance of Colonel Goethals, the Army Engineer officer in charge of the work on the Panama Canal, I have just made a visit to the Isthmus to inspect the work done and to consult with him on the ground as to certain problems which are likely to arise in the near future. The progress of the work is most satisfactory. If no unexpected obstacle presents itself, the canal will be completed well within the time fixed by Colonel Goethals, to wit, January 1, 1915, and within the estimate of cost, $375,000,000.

Press reports have reached the United States from time to time giving accounts of slides of earth of very large yardage in the Culebra Cut and elsewhere along the line, from which it might be inferred that the work has been much retarded and that the time of completion has been necessarily postponed.

The report of Doctor Hayes, of the Geological Survey, whom I sent within the last month to the Isthmus to make an investigation, shows that this section of the Canal Zone is composed of sedimentary rocks of rather weak structure and subject to almost immediate disintegration when exposed to the air. Subsequent to the deposition of these sediments, igneous rocks, harder and more durable, have been thrust into them, and being cold at the time of their intrusion united but indifferently with the sedimentary rock at the contacts. The result of these conditions is that as the cut is deepened, causing unbalanced pressures, slides from the sides of the cut have occurred. These are in part due to the flowing of surface soil and decomposed sedimentary rocks upon inclined surfaces of the underlying undecomposed rock and in part by the crushing of structurally weak beds under excessive pressure. These slides occur on one side or the other of the cut through a distance of 4 or 5 miles, and now that their character is understood, allowance has been made in the calculations of yardage for the amount of slides which will have to be removed and the greater slope that will have to be given to the bank in many places in order to prevent their recurrence. Such allowance does not exceed ten millions of yards. Considering that the number of yards removed from this cut on an average of each month through the year is 1,300,000, and that the total remaining to be excavated, including slides, is about 30,000,000 yards, it is seen that this addition to the excavation does not offer any great reason for delay.

While this feature of the material to be excavated in the cut will not seriously delay or obstruct the construction of a canal of the lock type, the increase of excavation due to such slides in the cut made 85 feet deeper for a sea-level canal would certainly have been so great as to delay its completion to a time beyond the patience of the American people.

FORTIFY THE CANAL.

Among questions arising for present solution is whether the Canal shall be fortified. I have already stated to the Congress that I strongly favor fortification and I now reiterate this opinion and ask your consideration of the subject in the light of the report already before you made by a competent board.

If, in our discretion, we believe modern fortifications to be necessary to the adequate protection and policing of the Canal, then it is our duty to construct them. We have built the Canal. It is our property. By convention we have indicated our desire for, and indeed undertaken, its universal and equal use. It is also well known that one of the chief objects in the construction of the Canal has been to increase the military effectiveness of our Navy.

Failure to fortify the Canal would make the attainment of both these aims depend upon the mere moral obligations of the whole international public—obligations which we would be powerless to enforce and which could never in any other way be absolutely safeguarded against a desperate and irresponsible enemy.

CANAL TOLLS.

Another question which arises for consideration and possible legislation is the question of tolls in the Canal. This question is necessarily affected by the probable tonnage which will go through the Canal. It is all a matter of estimate, but one of the government commission in 1900 investigated the question and made a report. He concluded that the total tonnage of the vessels employed in commerce that could use the Isthmian Canal in 1914 would amount to 6,843,805 tons net register, and that this traffic would increase 25.1 per cent per decade; that it was not probable that all the commerce included in the totals would at once abandon the routes at present followed and make use of the new Canal, and that it might take some time, perhaps two years, to readjust trade with reference to the new conditions which the Canal would establish. He did not include, moreover, the tonnage of war vessels, although it is to be inferred that such vessels would make considerable use of the Canal. In the matter of tolls he reached the conclusion that a dollar a net ton would not drive business away from the Canal, but that a higher rate would do so.

In determining what the tolls should be we certainly ought not to insist that they should at once amount to enough to pay the interest on the investment of $400,000,000 which the United States has made in the construction of the Canal. We ought not to do this, first, because the benefit to be derived by the United States from this expenditure is not to be measured solely by a return upon the investment. If it were, then the construction might well have been left to

private enterprise. It was because an adequate return upon the money invested could not be expected immediately, or in the near future, and because there were peculiar political advantages to be derived from the construction of the Canal that it fell to the Government to advance the money and perform the work.

In addition to the benefit to our naval strength, the Canal greatly increases the trade facilities of the United States. It will undoubtedly cheapen the rates of transportation in all freight between the Eastern and Western seaboard. Then, if we are to have a world canal, and if we are anxious that the world's trade shall use it, we must recognize that we have an active competitor in the Suez Canal and that there are other means of carriage between the two oceans—by the Tehuantepec Railroad and by other railroads and freight routes in Central America.

In all these cases the question whether the Panama Canal is to be used and its tonnage increased will be determined mainly by the charge for its use. My own impression is that the tolls ought not to exceed $1 per net ton. On January 1, 1911, the tolls in the Suez Canal are to be 7 francs and 25 centimes for 1 net ton by Suez Canal measurement, which is a modification of Danube measurement. A dollar a ton will secure under the figures above a gross income from the Panama Canal of nearly $7,000,000. The cost of maintenance and operation is estimated to exceed $3,000,000. Ultimately, of course, with the normal increase in trade, we hope the income will approximate the interest charges upon the investment. The inquiries already made of the Chief Engineer of the Canal show that the present consideration of this question is necessary in order that the commerce of the world may have time to adjust itself to the new conditions resulting from the opening of this new highway. On the whole I should recommend that within certain limits the President be authorized to fix the tolls of the Canal and adjust them to what seems to be commercial necessity.

MAINTENANCE OF CANAL.

The next question that arises is as to the maintenance, management, and general control of the canal after its completion. It should be premised that it is an essential part of our navy establishment to have the coal, oil and other ship supplies, a dry dock, and repair shops, conveniently located with reference to naval vessels passing through the canal. Now, if the Government, for naval purposes, is to undertake to furnish these conveniences to the navy, and they are conveniences equally required by commercial vessels, there would seem to be strong reasons why the Government should take over and include in its management the furnishing, not only to the navy but to the public, dry-

dock and repair-shop facilities, and the sale of coal, oil, and other ship supplies.

The maintenance of a lock canal of this enormous size in a sparsely populated country and in the tropics, where the danger from disease is always present, requires a large and complete and well-trained organization with full police powers, exercising the utmost care. The visitor to the canal who is impressed with the wonderful freedom from tropical diseases on the Isthmus must not be misled as to the constant vigilance that is needed to preserve this condition. The vast machinery of the locks, the necessary amount of dredging, the preservation of the banks of the canal from slides, the operation and the maintenance of the equipment of the railway—will all require a force, not, of course, to be likened in any way to the present organization for construction, but a skilled body of men who can keep in a state of usefulness this great instrument of commerce. Such an organization makes it easy to include within its functions the furnishing of dry-dock, fuel, repairs and supply facilities to the trade of the world. These will be more essential at the Isthmus of Panama than they are at Port Said or Suez, because there are no depots for coal, supplies, and other commercial necessities within thousands of miles of the Isthmus.

Another important reason why these ancillary duties may well be undertaken by the Government is the opportunity for discrimination between patrons of the canal that is offered where private concessions are granted for the furnishing of these facilities. Nothing would create greater prejudice against the canal than the suspicion that certain lines of traffic were favored in the furnishing of supplies or that the supplies were controlled by any large interest that might have a motive for increasing the cost of the use of the canal. It may be added that the termini are not ample enough to permit the fullest competition in respect to the furnishing of these facilities and necessities to the world's trade even if it were wise to invite such competition and the granting of the concession would necessarily, under these circumstances, take on the appearance of privilege or monopoly.

PROHIBITION OF RAILROAD OWNERSHIP OF CANAL STEAMERS.

I can not close this reference to the canal without suggesting as a wise amendment to the interstate commerce law a provision prohibiting interstate commerce railroads from owning or controlling ships engaged in the trade through the Panama Canal. I believe such a provision may be needed to save to the people of the United States the benefits of the competition in trade between the eastern and western seaboards which this canal was constructed to secure.

DEPARTMENT OF JUSTICE.

The duties of the Department of Justice have been greatly increased by legislation of Congress enacted in the interest of the general welfare of the people and extending its activities into avenues plainly within its constitutional jurisdiction, but which it has not been thought wise or necessary for the General Government heretofore to occupy.

I am glad to say that under the appropriations made for the Department, the Attorney-General has so improved its organization that a vast amount of litigation of a civil and criminal character has been disposed of during the current year. This will explain the necessity for slightly increasing the estimates for the expenses of the Department. His report shows the recoveries made on behalf of the Government, of duties fraudulently withheld, public lands improperly patented, fines and penalties for trespass, prosecutions and convictions under the antitrust law, and prosecutions under the interstate-commerce law. I invite especial attention to the prosecutions under the Federal law of the so-called "bucket shops," and of those schemes to defraud in which the use of the mail is an essential part of the fraudulent conspiracy, prosecutions which have saved ignorant and weak members of the public and are saving them hundreds of millions of dollars. The violations of the antitrust law present perhaps the most important litigation before the Department, and the number of cases filed shows the activity of the Government in enforcing that statute.

NATIONAL INCORPORATION.

In a special message last year I brought to the attention of Congress the propriety and wisdom of enacting a general law providing for the incorporation of industrial and other companies engaged in interstate commerce, and I renew my recommendation in that behalf.

PAYMENT OF JUST CLAIMS.

I invite the attention of Congress to the great number of claims which, at the instance of Congress, have been considered by the Court of Claims and decided to be valid claims against the Government. The delay that occurs in the payment of the money due under the claims injures the reputation of the Government as an honest debtor, and I earnestly recommend that those claims which come to Congress with the judgment and approval of the Court of Claims should be promptly paid.

REFORM IN JUDICIAL PROCEDURE.

One great crying need in the United States is cheapening the cost of litigation by simplifying judicial procedure and expediting final judgment. Under present conditions the poor man is at a woeful disad-

vantage in a legal contest with a corporation or a rich opponent. The necessity for the reform exists both in the United States courts and in all State courts. In order to bring it about, however, it naturally falls to the General Government by its example to furnish a model to all States. A legislative commission appointed by joint resolution of Congress to revise the procedure in the United States courts has as yet made no report.

Under the law the Supreme Court of the United States has the power and is given the duty to frame the equity rules of procedure which are to obtain in the Federal courts of first instance. In view of the heavy burden of pressing litigation which that Court has had to carry, with one or two of its members incapacitated through ill health, it has not been able to take up problems of improving the equity procedure, which has practically remained the same since the organization of the Court in 1789. It is reasonable to expect that with all the vacancies upon the Court filled, it will take up the question of cheapening and simplifying the procedure in equity in the courts of the United States. The equity business is much the more important in the Federal courts, and I may add much the more expensive. I am strongly convinced that the best method of improving judicial procedure at law is to empower the Supreme Court to do it through the medium of the rules of the court, as in equity. This is the way in which it has been done in England, and thoroughly done. The simplicity and expedition of procedure in the English courts today make a model for the reform of other systems.

Several of the Lord Chancellors of England and of the Chief Justices have left their lasting impress upon the history of their country by their constructive ability in proposing and securing the passage of remedial legislation effecting law reforms. I can not conceive any higher duty that the Supreme Court could perform than in leading the way to a simplification of procedure in the United States courts.

RELIEF OF SUPREME COURT FROM UNNECESSARY APPEALS.

No man ought to have, as a matter of right, a review of his case by the Supreme Court. He should be satisfied by one hearing before a court of first instance and one review by a court of appeals. The proper and chief usefulness of a Supreme Court, and especially of the Supreme Court of the United States, is, in the cases which come before it, so to expound the law, and especially the fundamental law —the Constitution—as to furnish precedents for the inferior courts in future litigation and for the executive officers in the construction of statutes and the performance of their legal duties. Therefore, any provisions for review of cases by the Supreme Court that cast upon that Court the duty of passing on questions of evidence and the con-

struction of particular forms of instruments, like indictments, or wills, or contracts, decisions not of general application or importance, merely clog and burden the Court and render more difficult its higher function, which makes it so important a part of the framework of our Government. The Supreme Court is now carrying an unnecessary burden of appeals of this kind, and I earnestly urge that it be removed.

The statutes respecting the review by the Supreme Court of the United States of decisions of the Court of Appeals of the District of Columbia ought to be so amended as to place that court in the same position with respect to the review of its decisions as that of the various United States Circuit Courts of Appeals. The act of March 2, 1907, authorizing appeals by the Government from certain judgments in criminal cases where the defendant has not been put in jeopardy, within the meaning of the Constitution, should be amended so that such appeals should be taken to the Circuit Courts of Appeals instead of to the Supreme Court in all cases except those involving the construction of the Constitution or the constitutionality of a statute, with the same power in the Supreme Court to review on *certiorari* as is now exercised by that court over determinations of the several Circuit Courts of Appeals. Appeals in copyright cases should reach final judgment in the courts of appeals instead of the Supreme Court as now. The decision of the courts of appeals should be made final also in all cases wherein jurisdiction rests on both diverse citizenship and the existence of a federal question, and not as now be reviewable in the Supreme Court when the case involves more than one thousand dollars. Appeals from the United States Court in Porto Rico should run to the Circuit Court of Appeals of the third circuit instead of to the Supreme Court. These suggested changes would, I am advised, relieve the Supreme Court of the consideration of about 100 cases annually.

The American Bar Association has had before it the question of reducing the burden of litigation involved in reversals on review and new trials or re-hearings and in frivolous appeals in habeas corpus and criminal cases. Their recommendations have been embodied in bills now pending in Congress. The recommendations are not radical, but they will accomplish much if adopted into law, and I earnestly recommend the passage of the bills embodying them.

INJUNCTION BILL.

I wish to renew my urgent recommendation made in my last Annual Message in favor of the passage of a law which shall regulate the issuing of injunctions in equity without notice in accordance with the best practice now in vogue in the courts of the United States. I regard this of especial importance, first because it has been promised,

and second because it will deprive those who now complain of certain alleged abuses in the improper issuing of injunctions without notice of any real ground for further amendment and will take away all semblance of support for the extremely radical legislation they propose, which will be most pernicious if adopted, will sap the foundations of judicial power, and legalize that cruel social instrument, the secondary boycott.

JUDICIAL SALARIES.

I further recommend to Congress the passage of the bill now pending for the increase in the salaries of the Federal Judges, by which the Chief Justice of the United States shall receive $17,500 and the Associate Justices of the Supreme Court $17,000; the Circuit Judges constituting the Circuit Court of Appeals shall receive $10,000, and the District Judges $9,000. These judges exercise a wise jurisdiction and their duties require of them a profound knowledge of the law, great ability in the dispatch of business, and care and delicacy in the exercise of their jurisdiction so as to avoid conflict whenever possible between the Federal and the State courts. The positions they occupy ought to be filled by men who have shown the greatest ability in their professional work at the bar, and it is the poorest economy possible for the Government to pay salaries so low for judicial service as not to be able to command the best talent of the legal profession in every part of the country. The cost of living is such, especially in the large cities, that even the salaries fixed in the proposed bill will enable the incumbents to accumulate little, if anything, to support their families after their death. Nothing is so important to the preservation of our country and its beloved institutions as the maintenance of the independence of the judiciary, and next to the life tenure an adequate salary is the most material contribution to the maintenance of independence on the part of our Judges.

POST-OFFICE DEPARTMENT.

POSTAL SAVINGS BANKS.

At its last session Congress made provision for the establishment of savings banks by the Post-Office Department of this Government, by which, under the general control of trustees, consisting of the Postmaster-General, the Secretary of the Treasury and the Attorney-General, the system could be begun in a few cities and towns, and enlarged to cover within its operations as many cities and towns and as large a part of the country as seemed wise. The initiation and establishment of such a system has required a great deal of study on the part of the experts in the Post-Office and Treasury Departments, but a system has now been devised which is believed to be more economical and

simpler in its operation than any similar system abroad. Arrangements have been perfected so that savings banks will be opened in some cities and towns on the 1st of January, and there will be a gradual extension of the benefits of the plan to the rest of the country.

WIPING OUT OF POSTAL DEFICIT.

As I have said, the Post-Office Department is a great business department, and I am glad to note the fact that under its present management principles of business economy and efficiency are being applied. For many years there has been a deficit in the operations of the Post-Office Department which has been met by appropriation from the Treasury. The appropriation estimated for last year from the Treasury over and above the receipts of the Department was $17,500,000. I am glad to record the fact that of that $17,500,000 estimated for, $11,500,000 were saved and returned to the Treasury. The personal efforts of the Postmaster-General secured the effective cooperation of the thousands of postmasters and other postal officers throughout the country in carrying out his plans of reorganization and retrenchment. The result is that the Postmaster-General has been able to make his estimate of expenses for the present year so low as to keep within the amount the postal service is expected to earn. It is gratifying to report that the reduction in the deficit has been accomplished without any curtailment of postal facilities. On the contrary the service has been greatly extended during the year in all its branches. A principle which the Postmaster-General has recommended and sought to have enforced in respect to all appointments has been that those appointees who have rendered good service should be reappointed. This has greatly strengthened the interest of postmasters throughout the country in maintaining efficiency and economy in their offices, because they believed generally that this would secure for them a further tenure.

EXTENSION OF THE CLASSIFIED SERVICE.

Upon the recommendation of the Postmaster-General, I have included in the classified service all assistant postmasters, and I believe that this giving a secure tenure to those who are the most important subordinates of Postmasters will add much to the efficiency of their offices and an economical administration. A large number of the fourth-class postmasters are now in the classified service. I think it would be wise to put in the classified service the first, second, and third class postmasters. It is more logical to do this than to classify the fourth-class postmasters, for the reason that the fourth-class post-offices are invariably small, and the postmasters are necessarily men who must combine some other business with the postmastership,

whereas the first, second, and third class postmasters are paid a sufficient amount to justify the requirement that they shall have no other business and that they shall devote their attention to their post-office duties. To classify first, second, and third class postmasters would require the passage of an act changing the method of their appointment so as to take away the necessity for the advice and consent of the Senate. I am aware that this is inviting from the Senate a concession in respect to its quasi executive power that is considerable, but I believe it to be in the interest of good administration and efficiency of service. To make this change would take the postmasters out of politics; would relieve Congressmen who now are burdened with the necessity of making recommendations for these places of a responsibility that must be irksome and can create nothing but trouble; and it would result in securing from postmasters greater attention to business, greater fidelity, and consequently greater economy and efficiency in the post-offices which they conduct.

THE FRANKING PRIVILEGE.

The unrestricted manner in which the franking privilege is now being used by the several branches of the Federal service and by Congress has laid it open to serious abuses, a fact clearly established through investigations recently instituted by the Department. While it has been impossible without a better control of franking to determine the exact expense to the Government of this practice, there can be no doubt that it annually reaches into the millions. It is believed that many abuses of the franking system could be prevented, and consequently a marked economy effected, by supplying through the agencies of the postal service special official envelopes and stamps for the free mail of the Government, all such envelopes and stamps to be issued on requisition to the various branches of the Federal service requiring them, and such records to be kept of all official stamp supplies as will enable the Post-Office Department to maintain a proper postage account covering the entire volume of free Government mail. As the first step in the direction of this reform, special stamps and stamped envelopes have been provided for use instead of franks in the free transmission of the official mail resulting from the business of the new postal savings system. By properly recording the issuance of such stamps and envelopes accurate records can be kept of the cost to the Government of handling the postal savings mail, which is certain to become an important item of expense and one that should be separately determined. In keeping with this plan it is hoped that Congress will authorize the substitution of special official stamps and stamped envelopes for the various forms of franks now used to carry free of postage the vast volume of Departmental and Congressional

mail matter. During the past year methods of accounting similar to those employed in the most progressive of our business establishments have been introduced in the postal service and nothing has so impeded the Department's plan in this regard as the impossibility of determining with any exactness how far the various expenses of the postal service are increased by the present unrestricted use of the franking privilege. It is believed that the adoption of a more exact method of dealing with this problem as proposed will prove to be of tremendous advantage in the work of placing the postal service on a strictly businesslike basis.

SECOND-CLASS MAIL MATTER.

In my last Annual Message I invited the attention of Congress to the inadequacy of the postal rate imposed upon second-class mail matter in so far as that includes magazines, and showed by figures prepared by experts of the Post-Office Department that the Government was rendering a service to the magazines, costing many millions in excess of the compensation paid. An answer was attempted to this by the representatives of the magazines, and a reply was filed to this answer by the Post-Office Department. The utter inadequacy of the answer, considered in the light of the reply of the Post-Office Department, I think must appeal to any fair-minded person. Whether the answer was all that could be said in behalf of the magazines is another question. I agree that the question is one of fact; but I insist that if the fact is as the experts of the Post-Office Department show, that we are furnishing to the owners of magazines a service worth millions more than they pay for it, then justice requires that the rate should be increased. The increase in the receipts of the Department resulting from this change may be devoted to increasing the usefulness of the Department in establishing a parcels post and in reducing the cost of first-class postage to one cent. It has been said by the Postmaster-General that a fair adjustment might be made under which the advertising part of the magazine should be charged for at a different and higher rate from that of the reading matter. This would relieve many useful magazines that are not circulated at a profit, and would not shut them out from the use of the mails by a prohibitory rate.

PARCELS POST.

With respect to the parcels post, I respectfully recommend its adoption on all rural-delivery routes, and that 11 pounds—the international limit—be made the limit of carriage in such post, and this, with a view to its general extension when the income of the Post-Office will permit it and the Postal Savings Banks shall have been fully established.

The same argument is made against the parcels post that was made against the postal savings bank—that it is introducing the Government into a business which ought to be conducted by private persons, and is paternalism. The Post-Office Department has a great plant and a great organization, reaching into the most remote hamlet of the United States, and with this machinery it is able to do a great many things economically that if a new organization were necessary it would be impossible to do without extravagant expenditure. That is the reason why the postal savings bank can be carried on at a small additional cost, and why it is possible to incorporate at a very inconsiderable expense a parcels post in the rural-delivery system. A general parcels post will involve a much greater outlay.

NAVY DEPARTMENT.

REORGANIZATION.

In the last annual report of the Secretary of the Navy and in my Annual Message, attention was called to the new detail of officers in the Navy Department by which officers of flag rank were assigned to duty as Aides to the Secretary in respect to naval operations, personnel, inspection, and material. This change was a substantial compliance with the recommendation of the Commission on Naval Reorganization, headed by Mr. Justice Moody, and submitted to President Roosevelt on February 26, 1909. Through the advice of this committee of line officers, the Secretary is able to bring about a proper coordination of all the branches of the naval department with greater military efficiency. The Secretary of the Navy recommends that this new organization be recognized by legislation and thus made permanent. I concur in the recommendation.

LEGISLATIVE RECOMMENDATIONS.

The Secretary, in view of the conclusions of a recent Court of Inquiry on certain phases of Marine Corps administration, recommends that the Major-General Commandant of the Marine Corps be appointed for a four years' term, and that officers of the Adjutant and Inspector's department be detailed from the line. He also asks for legislation to improve the conditions now existing in the personnel of officers of the Navy, particularly with regard to the age and experience of flag officers and captains, and points out that it is essential to the highest efficiency of the Navy that the age of our officers be reduced and that flag officers, particularly, should gain proper experience as flag officers, in order to enable them to properly command fleets. I concur in the Secretary's recommendations.

COVERING OF NAVAL SUPPLY FUND INTO TREASURY.

I commend to your attention the report of the Secretary on the change in the system of cost accounting in navy-yards, and also to the history of the naval supply fund and the present conditions existing in regard to that matter. Under previous practice and what now seems to have been an erroneous construction of the law, the supply fund of the navy was increased from $2,700,000 to something over $14,000,000, and a system of accounting was introduced which prevented the striking of a proper balance and a knowledge of the exact cost of maintaining the naval establishment. The system has now been abandoned and a Naval Supply Account established by law July 1, 1910. The Naval Supply fund of $2,700,000 is now on deposit in the Treasury to the credit of the Department. The Secretary recommends that the Naval Supply Account be made permanent by law and that the $2,700,000 of the naval supply fund be covered into the Treasury as unnecessary, and I ask for legislative authority to do this. This sum when covered into the Treasury will be really a reduction in the recorded Naval cost for this year.

ESTIMATES AND BUILDING PROGRAM.

The estimates of the Navy Department are $5,000,000 less than the appropriations for the same purpose last year, and included in this is the building program of the same amount as that submitted for your consideration last year. It is merely carrying out the plan of building two battleships a year, with a few needed auxiliary vessels. I earnestly hope that this program will be adopted.

ABOLITION OF NAVY-YARDS.

The Secretary of the Navy has given personal examination to every navy-yard and has studied the uses of the navy-yards with reference to the necessities of our fleet. With a fleet considerably less than half the size of that of the British navy, we have shipyards more than double the number, and there are several of these shipyards, expensively equipped with modern machinery, which after investigation the Secretary of the Navy believes to be entirely useless for naval purposes. He asks authority to abandon certain of them and to move their machinery to other places where it can be made of use.

In making these recommendations the Secretary is following directly along progressive lines which have been adopted in our great commercial and manufacturing consolidations in this country; that is, of dismantling unnecessary and inadequate plants and discontinuing their existence where it has been demonstrated that it is unprofitable to continue their maintenance at an expense not commensurate to their product.

GUANTANAMO PROPER NAVAL BASE.

The Secretary points out that the most important naval base in the West Indies is Guantanamo, in the southeastern part of Cuba. Its geographical situation is admirably adapted to protect the commercial paths to the Panama Canal, and he shows that by the expenditure of less than half a million dollars, with the machinery which he shall take from other navy-yards, he can create a naval station at Guantanamo of sufficient size and equipment to serve the purpose of an emergency naval base. I earnestly join in the recommendation that he be given the authority which he asks. I am quite aware that such action is likely to arouse local opposition; but I conceive it to be axiomatic that in legislating in the interest of the Navy, and for the general protection of the country by the Navy, mere local pride or pecuniary interest in the establishment of a navy-yard or station ought to play no part. The recommendation of the Secretary is based upon the judgment of impartial naval officers, entirely uninfluenced by any geographical or sectional considerations.

JOHN PAUL JONES.

I unite with the Secretary in the recommendation that an appropriation be made to construct a suitable crypt at Annapolis for the custody of the remains of John Paul Jones.

PEARY.

The complete success of our country in Arctic exploration should not remain unnoticed. For centuries there has been friendly rivalry in this field of effort between the foremost nations and between the bravest and most accomplished men. Expeditions to the unknown North have been encouraged by enlightened governments and deserved honors have been granted to the daring men who have conducted them. The unparalleled accomplishment of an American in reaching the North Pole, April 6, 1909, approved by critical examination of the most expert scientists, has added to the distinction of our navy, to which he belongs, and reflects credit upon his country. His unique success has received generous acknowledgment from scientific bodies and institutions of learning in Europe and America. I recommend fitting recognition by Congress of the great achievement of Robert Edwin Peary.

DEPARTMENT OF THE INTERIOR.

APPEALS TO COURT IN LAND CASES.

The Secretary of the Interior recommends a change of the law in respect to the procedure in adjudicating claims for lands, by which

appeals can be taken from the decisions of the Department to the Court of Appeals of the District of Columbia for a judicial consideration of the rights of the claimant. This change finds complete analogy in the present provision for appeals from the decisions of the Commissioner of Patents. The judgments of the court in such cases would be of decisive value to land claimants generally and to the Department of the Interior in the administration of the law, would enable claimants to bring into Court the final consideration of issues as to the title to Government land and would, I think, obviate a good deal of the subsequent litigation that now arises in our Western courts. The bill is pending, I believe, in the House, having been favorably reported from the Committee on Public Lands, and I recommend its enactment.

ARREARS WIPED OUT.

One of the difficulties in the Interior Department and in the Land Office has been the delays attendant upon the consideration by the Land Office and the Secretary of the Interior of claims for patents of public lands to individuals. I am glad to say that under the recent appropriations of the Congress and the earnest efforts of the Secretary and his subordinates, these arrears have been disposed of, and the work of the Department has been brought more nearly up to date in respect to the pending business than ever before in its history. Economies have been effected where possible without legislative assistance, and these are shown in the reduced estimates for the expenses of the Department during the current fiscal year and during the year to come.

CONSERVATION.

The subject of the conservation of the public domain has commanded the attention of the people within the last two or three years.

AGRICULTURAL LANDS.

There is no need for radical reform in the methods of disposing of what are really agricultural lands. The present laws have worked well. The enlarged homestead law has encouraged the successful farming of lands in the semiarid regions.

RECLAMATION.

The total sum already accumulated in the fund provided by the act for the reclamation of arid lands is about $69,449,058.76, and of this, all but $6,241,058.76 has been allotted to the various projects, of which there are thirty. Congress at its last session provided for the issuing of certificates of indebtedness not exceeding twenty millions of dollars, to be redeemed from the reclamation fund when the proceeds of lands sold and from the water-rents should be sufficient. Meantime,

in accordance with the provisions of the law, I appointed a board of army engineers to examine the projects and to ascertain which are feasible and worthy of completion. That board has made a report upon the subject, which I shall transmit in a separate message within a few days.

CONSERVATION ADDRESS.

In September last a conservation Congress was held at St. Paul, at which I delivered an address on the subject of conservation so far as it was within the jurisdiction and possible action of the Federal Government. In that address I assembled from the official records the statistics and facts as to what had been done in this behalf in the administration of my predecessor and in my own, and indicated the legislative measures which I believed to be wise in order to secure the best use, in the public interest, of what remains of our National domain. There was in this address a very full discussion of the reasons which led me to the conclusions stated. For the purpose of saving in an official record a comprehensive résumé of the statistics and facts gathered with some difficulty in that address, and to avoid their repetition in the body of this message, I venture to make the address an accompanying appendix. The statistics are corrected to November 15th last.

SPECIFIC RECOMMENDATIONS.

For the reasons stated in the conservation address, I recommend:

First, that the limitation now imposed upon the Executive which forbids his reserving more forest lands in Oregon, Washington, Idaho, Montana, Colorado, and Wyoming, be repealed.

Second, that the coal deposits of the Government be leased after advertisement inviting competitive bids, for terms not exceeding fifty years, with a minimum rental and royalties upon the coal mined, to be readjusted every ten or twelve years, and with conditions as to maintenance which will secure proper mining, and as to assignment which will prevent combinations to monopolize control of the coal in any one district or market. I do not think that coal measures under 2,500 acres of surface would be too large an amount to lease to any one lessee.

The Secretary of the Interior thinks there are difficulties in the way of leasing public coal lands, which objections he has set forth in his report, the force of which I freely concede. I entirely approved his stating at length in his report the objections in order that the whole subject may be presented to Congress, but after a full consideration I favor a leasing system and recommend it.

Third, that the law should provide the same separation in respect to government phosphate lands of surface and mineral rights that now

obtains in coal lands and that power to lease such lands upon terms and limitations similar to those above recommended for coal leases, with an added condition enabling the Government to regulate, and if need be to prohibit, the export to foreign countries of the product.

Fourth, that the law should allow a prospector for oil or gas to have the right to prospect for two years over a certain tract of government land, the right to be evidenced by a license for which he shall pay a small sum; and that upon discovery, a lease may be granted upon terms securing a minimum rental and proper royalties to the Government, and also the conduct of the oil or gas well in accord with the best method for husbanding the supply of oil in the district. The period of the leases should not be as long as those of coal, but they should contain similar provisions as to assignment to prevent monopolistic combinations.

Fifth, that water-power sites be directly leased by the Federal Government, after advertisement and bidding, for not exceeding fifty years upon a proper rental and with a condition fixing rates charged to the public for units of electric power, both rental and rates to be readjusted equitably every ten years by arbitration or otherwise, with suitable provisions against assignment to prevent monopolistic combinations. Or, that the law shall provide that upon application made by the authorities of the State where the water-power site is situated, it may be patented to the State on condition that the State shall dispose of it under terms like those just described, and shall enforce those terms, or upon failure to comply with the condition the water-power site and all the plant and improvement on the site shall be forfeited and revert to the United States, the President being given the power to declare the forfeiture and to direct legal proceedings for its enforcement. Either of these methods would, I think, accomplish the proper public purpose in respect to water-power sites, but one or the other should be promptly adopted.

NECESSITY FOR PROMPT ACTION.

I earnestly urge upon Congress that at this session general conservation legislation of the character indicated be adopted. At its last session this Congress took most useful and proper steps in the cause of conservation by allowing the Executive, through withdrawals, to suspend the action of the existing laws in respect to much of the public domain. I have not thought that the danger of disposing of coal lands in the United States under the present laws in large quantities was so great as to call for their withdrawal, because under the present provisions it is reasonably certain that the Government will receive the real value of the land. But, in respect to oil lands, or phosphate lands, and of gas lands in the United States, and in respect to coal

lands in Alaska, I have exercised the full power of withdrawal with the hope that the action of Congress would follow promptly and prevent that tying up of the resources of the country in the western and less settled portion and in Alaska, which means stagnation and retrogression.

The question of conservation is not a partisan one, and I sincerely hope that even in the short time of the present session consideration may be given to those questions which have now been much discussed, and that action may be taken upon them.

ALASKA.

With reference to the government of Alaska, I have nothing to add to the recommendations I made in my last message on the subject. I am convinced that the migratory character of the population, its unequal distribution, and its smallness of number, which the new census shows to be about 50,000, in relation to the enormous expanse of the territory, make it altogether impracticable to give to those people who are in Alaska to-day and may not be there a year hence, the power to elect a legislature to govern an immense territory to which they have a relation so little permanent. It is far better for the development of the territory that it be committed to a commission to be appointed by the Executive, with limited legislative powers sufficiently broad to meet the local needs, than to continue the present insufficient government with few remedial powers, or to make a popular government where there is not proper foundation upon which to rest it.

The suggestion that the appointment of a commission will lead to the control of the government by corporate or selfish and exploiting interests has not the slightest foundation in fact. Such a government worked well in the Philippines, and would work well in Alaska, and those who are really interested in the proper development of that territory for the benefit of the people who live in it and the benefit of the people of the United States, who own it, should support the institution of such a government.

ALASKAN RAILWAYS.

I have been asked to recommend that the credit of the Government be extended to aid the construction of railroads in Alaska. I am not ready now to do so. A great many millions of dollars have already been expended in the construction of at least two railroads, and if laws be passed providing for the proper development of the resources of Alaska, especially for the opening up of the coal lands, I believe that the capital already invested will induce the investment of more capital, sufficient to complete the railroads building, and to furnish cheap coal not only to Alaska but to the whole Pacific coast. The

passage of a law permitting the leasing of government coal lands in Alaska after public competition, and the appointment of a commission for the government of the territory, with enabling powers to meet the local needs, will lead to an improvement in Alaska and the development of her resources that is likely to surprise the country.

NATIONAL PARKS.

Our national parks have become so extensive and involve so much detail of action in their control that it seems to me there ought to be legislation creating a bureau for their care and control. The greatest natural wonder of this country and the surrounding territory should be included in another national park. I refer to the Grand Canyon of the Colorado.

PENSIONS.

The uniform policy of the Government in the matter of granting pensions to those gallant and devoted men who fought to save the life of the Nation in the perilous days of the great Civil War, has always been of the most liberal character. Those men are now rapidly passing away. The best obtainable official statistics show that they are dying at the rate of something over three thousand a month, and, in view of their advancing years, this rate must inevitably, in proportion, rapidly increase. To the man who risked everything on the field of battle to save the Nation in the hour of its direst need, we owe a debt which has not been and should not be computed in a begrudging or parsimonious spirit. But while we should be actuated by this spirit to the soldier himself, care should be exercised not to go to absurd lengths, or distribute the bounty of the Government to classes of persons who may, at this late day, from a mere mercenary motive, seek to obtain some legal relation with an old veteran now tottering on the brink of the grave. The true spirit of the pension laws is to be found in the noble sentiments expressed by Mr. Lincoln in his last inaugural address, wherein, in speaking of the Nation's duty to its soldiers when the struggle should be over, he said we should "care for him who shall have borne the battle, and for his widow and orphans."

DEPARTMENT OF AGRICULTURE.

VALUE OF THIS YEAR'S CROPS.

The report of the Secretary of Agriculture invites attention to the stupendous value of the agricultural products of this country, amounting in all to $8,926,000,000 for this year. This amount is larger than that of 1909 by $305,000,000. The existence of such a crop indicates a good prospect for business throughout the country. A notable change for the better is commented upon by the Secretary in the fact

that the South, especially in those regions where the boll weevil has interfered with the growth of cotton, has given more attention to the cultivation of corn and other cereals, so that there is a greater diversification of crops in the South than ever before—and all to the great advantage of that section.

DEPARTMENT ACTIVITIES.

The report contains a most interesting account of the activities of the Department in its various bureaus, showing how closely the agricultural progress in this country is following along the lines of improvement recommended by the Department through its publications and the results of its experiment stations in every State, and by the instructions given through the agricultural schools aided by the Federal Government and following the general curriculum urged by the head and bureau chiefs of the Department.

The activities of the Department have been greatly increased by the enactment of recent legislation, by the pure-food act, the meat-inspection act, the cattle-transportation act, and the act concerning the interstate shipment of game. This department is one of those the scope of whose action is constantly widening, and therefore it is impossible under existing legislation to reduce the cost and their estimates below those of preceding years.

FARMERS' INCOME AND COST OF LIVING.

An interesting review of the results of an examination made by the Department into statistics and prices, shows that on the average since 1891, farm products have increased in value 72 per cent while the things which the farmer buys for use have increased but 12 per cent, an indication that present conditions are favorable to the farming community.

FOREST SERVICE.

I have already referred to the forests of the United States and their extent, and have urged, as I do again, the removal of the limitation upon the power of the Executive to reserve other tracts of land in six Western States in which withdrawal for this purpose is now forbidden. The Secretary of Agriculture gives a very full description of the disastrous fires that occurred during the last summer in the national forests. A drought more intense than any recorded in the history of the West had introduced a condition into the forests which made fires almost inevitable, and locomotive sparks, negligent campers, and in some cases incendiaries furnished the needed immediate cause. At one time the fires were so extended that they covered a range of a hundred miles, and the Secretary estimates that standing timber of the value of 25 millions of dollars was destroyed. Seventy-six persons in

the employ of the Forest Service were killed and many more injured, and I regret to say that there is no provision in the law by which the expenses for their hospital treatment or of their interment could be met out of public funds. The Red Cross contributed a thousand dollars, and the remainder of the necessary expenses was made up by private contribution, chiefly from the force of the Forest Service and its officials. I recommend that suitable legislation be adopted to enable the Secretary of Agriculture to meet the moral obligations of the Government in this respect.

APPROPRIATION FOR FIRE FIGHTING.

The specific fund for fighting fires was only about $135,000, but there existed discretion in the Secretary in case of an emergency to apply other funds in his control to this purpose, and he did so to the extent of nearly a million of dollars, which will involve the presentation of a deficiency estimate for the current fiscal year of over $900,000. The damage done was not therefore due to the lack of an appropriation by Congress available to meet the emergency, but the difficulty of fighting it lay in the remote points where the fires began and where it was impossible with the roads and trails as they now exist promptly to reach them. Proper protection necessitates, as the Secretary points out, the expenditure of a good deal more money in the development of roads and trails in the forests, the establishment of lookout stations, and telephone connection between them and places where assistance can be secured.

REFORESTATION.

The amount of reforestation shown in the report of the Forest Service—only about 15,000 acres as compared with the 150 millions of acres of national forests—seems small, and I am glad to note that in this regard the Secretary of Agriculture and the chief of the Forest Service are looking forward to far greater activity in the use of available Government land for this purpose. Progress has been made in learning by experiment the best methods of reforesting. Congress is appealed to now by the Secretary of Agriculture to make the appropriations needed for enlarging the usefulness of the Forest Service in this regard. I hope that Congress will approve and adopt the estimate of the Secretary for this purpose.

DEPARTMENT OF COMMERCE AND LABOR.

The Secretary of the Department of Commerce and Labor has had under his immediate supervision the application of the merit system of promotion to a large number of employees, and his discussion of

this method of promotions based on actual experience, I commend to the attention of Congress.

THE CENSUS BUREAU.

The taking of the census has proceeded with promptness and efficiency. The Secretary believes, and I concur, that it will be more thorough and accurate than any census which has heretofore been taken, but it is not perfect. The motive that prompts men with a false civic pride to induce the padding of census returns in order to increase the population of a particular city has been strong enough to lead to fraud in respect to a few cities in this country, and I have directed the Attorney-General to proceed with all the vigor possible against those who are responsible for these frauds. They have been discovered and they will not interfere with the accuracy of the census, but it is of the highest importance that official inquiry of this sort should not be embarrassed by fraudulent conspiracies in some private or local interest.

BUREAU OF LIGHT-HOUSES.

The reorganization of the Light-House Board has effected a very considerable saving in the administration, and the estimates for that service for the present year are $428,000 less than for the preceding year. In addition, three tenders, for which appropriations were made, are not being built because they are not at present needed for the service. The Secretary is now asking for a large sum for the addition of lights and other aids to the commerce of the seas, including a number in Alaska. The trade along that coast is becoming so important that I respectfully urge the necessity for following his recommendation.

BUREAU OF CORPORATIONS.

The Commissioner of Corporations has just completed the first part of a report on the lumber industry in the United States. This part does not find the existence of a trust or combination in the manufacture of lumber. The Commissioner does find, however, a condition in the ownership of the standing timber of the United States, other than the Government timber, that calls for serious attention. The direct investigation made by the Commissioner covered an area which contains 80 per cent of the privately owned timber of the country. His report shows that one-half of the timber in this area is owned by 200 individuals and corporations; that 14 per cent is owned by 3 corporations, and that there is very extensive interownership of stock, as well as other circumstances, all pointing to friendly relations among those who own a majority of this timber, a relationship which might lead to a combination for the maintenance of a price that would be

very detrimental to the public interest, and would create the necessity of removing all tariff obstacles to the free importations of lumber from other countries.

BUREAU OF FISHERIES.

I am glad to note in the Secretary's report the satisfactory progress which is being made in respect to the preservation of the seals of the Pribiloff Islands. Very active steps are being taken by the Department of State to secure an arrangement which shall protect the Pribiloff herd from the losses due to pelagic sealing. Meantime the Government has secured seal pelts of the bachelor seals (the killing of which does not interfere with the maintenance of the herd), from the sale of which next month it is expected to realize about $450,000, a sum largely in excess of the rental paid by the lessee of the Government under the previous contract.

COAST AND GEODETIC SURVEY.

The Coast and Geodetic Survey has been engaged in surveying the coasts of the Philippine archipelago. This is a heavy work, because of the extended character of the coast line in those Islands, but I am glad to note that about half of the needed survey has been completed. So large a part of the coast line of the archipelago has been unsurveyed as to make navigation in the neighborhood of a number of the islands, and especially on the east side, particularly dangerous.

BUREAU OF LABOR.

The Commissioner of Labor has been actively engaged in composing the differences between employers and employees engaged in interstate transportation, under the Erdman Act, jointly with the Chairman of the Interstate Commerce Commission. I can not speak in too high terms of the success of these two officers in conciliation and settlement of controversies which, but for their interposition, would have resulted disastrously to all interests.

TAX ON PHOSPHOROUS MATCHES.

I invite attention to the very serious injury caused to all those who are engaged in the manufacture of phosphorous matches. The diseases incident to this are frightful, and as matches can be made from other materials entirely innocuous, I believe that the injurious manufacture could be discouraged and ought to be discouraged by the imposition of a heavy federal tax. I recommend the adoption of this method of stamping out a very serious abuse.

EIGHT-HOUR LAW.

Since 1868 it has been the declared purpose of this Government to favor the movement for an eight-hour day by a provision of law that

none of the employees employed by or *on behalf* of the Government should work longer than eight hours in every twenty-four. The first declaration of this view was not accompanied with any penal clause or with any provision for its enforcement, and, though President Grant by a proclamation twice attempted to give it his sanction and to require the officers of the Government to carry it out, the purpose of the framers of the law was ultimately defeated by a decision of the Supreme Court holding that the statute as drawn was merely a direction of the Government to its agents and did not invalidate a contract made in behalf of the Government which provided in the contract for labor for a day of longer hours than eight. Thereafter, in 1892, the present eight-hour law was passed, which provides that the services and employment of all laborers and mechanics who are now or may hereafter be employed by the Government of the United States, by the District of Columbia, or by any contractor or subcontractor on any of the public works of the United States and of the said District of Columbia is hereby restricted to eight hours in any one calendar day. This law has been construed to limit the application of the requirement to those who are directly employed by the Government or to those who are employed upon public works situate upon land owned by the United States. This construction prevented its application to government battle ships and other vessels built in private shipyards and to heavy guns and armor plate contracted for and made at private establishments.

PENDING BILL.

The proposed act provides that no laborer or mechanic doing any part of the work contemplated by a contract with the United States in the employ of the contractor or any subcontractor shall be required or permitted to work more than eight hours a day in any one calendar day.

It seems to me from the past history that the Government has been committed to a policy of encouraging the limitation of the day's work to eight hours in all works of construction initiated by itself, and it seems to me illogical to maintain a difference between government work done on government soil and government work done in a private establishment, when the work is of such large dimensions and involves the expenditure of much labor for a considerable period, so that the private manufacturer may adjust himself and his establishment to the special terms of employment that he must make with his workmen for this particular job. To require, however, that every small contract of manufacture entered into by the Government should be carried out by the contractor with men working at eight hours would be to impose an intolerable burden upon the Government by

limiting its sources of supply and excluding altogether the great majority of those who would otherwise compete for its business.

The proposed act recognizes this in the exceptions which it makes to contracts

"for transportation by land or water, for the transmission of intelligence, and for such materials or articles as may usually be bought in the open market whether made to conform to particular specifications or not, or for the purchase of supplies by the Government, whether manufactured to conform to particular specifications or not."

SUBSTITUTE FOR PENDING BILL.

I recommend that instead of enacting the proposed bill, the meaning of which is not clear and definite and might be given a construction embarrassing to the public interest, the present act be enlarged by providing that public works shall be construed to include not only buildings and work upon public ground, but also ships, armor, and large guns when manufactured in private yards or factories.

PROVISION FOR SUSPENSION IN EMERGENCIES BY PRESIDENT.

One of the great difficulties in enforcing this eight-hour law is that its application under certain emergencies becomes exceedingly oppressive and there is a great temptation to subordinate officials to evade it. I think that it would be wiser to allow the President, by Executive order, to declare an emergency in special instances in which the limitation might not apply and, in such cases, to permit the payment by the Government of extra compensation for the time worked each day in excess of eight hours. I may add that my suggestions in respect to this legislation have the full concurrence of the Commissioner of Labor.

WORKMEN'S COMPENSATION.

In view of the keen, widespread interest now felt in the United States in a system of compensation for industrial accidents to supplant our present thoroughly unsatisfactory system of employers' liability (a subject the importance of which Congress has already recognized by the appointment of a commission), I recommend that the International Congress on Industrial Insurance be invited to hold its meeting in 1913 in Washington, and that an appropriation of $10,000 be made to cover the necessary expenses of organizing and carrying on the meeting.

BUREAU OF IMMIGRATION.

DISTRIBUTING IMMIGRANTS.

The immigration into this country is increasing each year. A large part of it comes through the immigrant station at Ellis Island in the City of New York. An examination of the station and the methods

pursued satisfies me that a difficult task is there performed by the commissioner and his force with common sense, the strictest fairness, and with the most earnest desire to enforce the law equitably and mercifully. It has been proposed to enlarge the accommodations so as to allow more of the immigrants to come by that port. I do not think it wise policy to do this. I have no objection to—on the contrary, I recommend—the construction of additional buildings for the purpose of facilitating a closer and more careful examination of each immigrant as he comes in, but I deprecate the enlargement of the buildings and of the force for the purpose of permitting the examination of more immigrants per day than are now examined. If it is understood that no more immigrants can be taken in at New York than are now taken in, and the steamship companies thus are given a reason and a motive for transferring immigrants to other ports, we can be confident that they will be better distributed through the country and that there will not be that congestion in the City of New York which does not make for the better condition of the immigrant or increase his usefulness as a new member of this community. Everything which tends to send the immigrants west and south into rural life helps the country.

AMENDMENTS RECOMMENDED.

I concur with the Secretary in his recommendations as to the amendments to the immigration law in increasing the fine against the companies for violation of the regulations, and in giving greater power to the commissioner to enforce more care on the part of the steamship companies in accepting immigrants. The recommendation of the Secretary, in which he urges that the law may be amended so as to discourage the separation of families, is, I think, a good one.

MISCELLANEOUS SUBJECTS NOT INCLUDED IN DEPARTMENTS.

BUREAU OF HEALTH.

In my message of last year I recommended the creation of a Bureau of Health, in which should be embraced all those Government agencies outside of the War and Navy Departments which are now directed toward the preservation of public health or exercise functions germane to that subject. I renew this recommendation. I greatly regret that the agitation in favor of this bureau has aroused a counteragitation against its creation, on the ground that the establishment of such a bureau is to be in the interest of a particular school of medicine. It seems to me that this assumption is wholly unwarranted, and that those responsible for the Government can be trusted to secure in the personnel of the bureau the appointment of representatives of all

recognized schools of medicine, and in the management of the bureau entire freedom from narrow prejudice in this regard.

THE IMPERIAL VALLEY PROJECT.

By an act passed by Congress the President was authorized to expend a million dollars to construct the needed work to prevent injury to the lands of the Imperial Valley from the overflow of the Colorado River. I appointed a competent engineer to examine the locality and to report a plan for construction. He has done so. In order to complete the work it is necessary to secure the consent of Mexico, for part of the work must be constructed in Mexican territory. Negotiations looking to the securing of such authority are quite near success. The Southern Pacific Railroad Company proposes to assist us in the work by lending equipment and by the transportation of material at cost price, and it is hoped that the work may be completed before any danger shall arise from the spring floods in the river. The work is being done under the supervision of the Secretary of the Interior and his consulting engineer, General Marshall, late Chief of Engineers, now retired.

This leads me to invite the attention of Congress to the claim made by the Southern Pacific Railroad Company for an amount expended in a similar work of relief called for by a flood and great emergency. This work, as I am informed, was undertaken at the request of my predecessor and under promise to reimburse the railroad company. It seems to me the equity of this claim is manifest, and the only question involved is the reasonable value of the work done. I recommend the payment of the claim in a sum found to be just.

DISTRICT OF COLUMBIA.

CHARACTER OF GOVERNMENT.

The government of the District of Columbia is a good government. The police force, while perhaps it might be given, or acquire, more military discipline in bearing and appearance, is nevertheless an efficient body of men, free from graft, and discharges its important duties in this capital of the nation effectively. The parks and the streets of the city and the District are generally kept clean and in excellent condition. The Commissioners of the District have its affairs well in hand, and, while not extravagant, are constantly looking to those municipal improvements that are expensive but that must be made in a modern growing city like Washington. While all this is true, nevertheless the fact that Washington is governed by Congress, and that the citizens are not responsible and have no direct control through popular election in District matters, properly subjects the government

to inquiry and criticism by its citizens, manifested through the public press and otherwise; such criticism should command the careful attention of Congress. Washington is the capital of the nation and its maintenance as a great and beautiful city under national control, every lover of his country has much at heart; and it should present in every way a model in respect of economy of expenditure, of sanitation, of tenement reform, of thorough public instruction, of the proper regulation of public utilities, of sensible and extended charities, of the proper care of criminals and of youth needing reform, of healthful playgrounds and opportunity for popular recreation, and of a beautiful system of parks. I am glad to think that progress is being made in all these directions, but I venture to point out certain specific improvements toward these ends which Congress in its wisdom might adopt. Speaking generally, I think there ought to be more concentration of authority in respect to the accomplishment of some of these purposes with more economy of expenditure.

PUBLIC PARKS.

Attention is invited to the peculiar situation existing in regard to the parks of Washington. The park system proper, comprising some 343 different areas, is under the Office of Public Buildings and Grounds, which, however, has nothing to do with the control of Rock Creek Park, the Zoological Park, the grounds of the Department of Agriculture, the Botanic Garden, the grounds of the Capitol, and other public grounds which are regularly open to the public and ought to be part of the park system. Exclusive of the grounds of the Soldiers' Home and of Washington Barracks, the public grounds used as parks in the District of Columbia comprise over 3,100 acres, under ten different controlling officials or bodies. This division of jurisdiction is most unfortunate.

Large sums of money are spent yearly in beautifying and keeping in good condition these parks and the grounds connected with Government buildings and institutions. The work done on all of them is of the same general character—work for which the Office of Public Buildings and Grounds has been provided by Congress with a special organization and equipment, which are lacking for the grounds not under that office. There can be no doubt that if all work of care and improvement upon the grounds belonging to the United States in the District of Columbia were put, as far as possible, under one responsible head, the result would be not only greater efficiency and economy in the work itself, but greater harmony in the development of the public parks and gardens of the city.

Congress at its last session provided for two more parks, called the Meridian Hill and Montrose parks, and the District Commissioners

have also included in their estimates a sum to be used for the acquisition of much needed park land adjoining the Zoological Park, known as the Klingle Ford tract. The expense of these three parks, included in the estimates of the Commissioners, aggregates $900,000. I think it would lead to economy if the improvement and care of all these parks and other public grounds above described should be transferred to the Office of Public Buildings and Grounds, which has an equipment well and economically adapted to carrying out the public purpose in respect to improvements of this kind.

To prevent encroachments upon the park area it is recommended that the erection of any permanent structure on any lands in the District of Columbia belonging to the United States be prohibited except by specific authority of Congress.

THE DISTRICT OF COLUMBIA IN VIRGINIA.

I have already in previous communications to Congress referred to the importance of acquiring for the District of Columbia at least a part of the territory on the other side of the Potomac in Virginia which was originally granted for the District by the State of Virginia, and then was retroceded by act of Congress in 1846. It is very evident from conferences that I have had with the Senators and Representatives from Virginia that there is no hope of a regranting by the State of the land thus given back; and I am frank to say that in so far as the tract includes the town of Alexandria and land remote from the Potomac River there would be no particular advantage in bringing that within national control. But the land which lies along the Potomac River above the railroad bridge and across the Potomac, including Arlington Cemetery, Fort Myer, the Government experiment farm, the village of Rosslyn, and the Palisades of the Potomac, reaching to where the old District line intersects the river, is very sparsely settled and could be admirably utilized for increasing the system of the parks of Washington. It has been suggested to me by the same Virginia Senators and Representatives that if the Government were to acquire for a government park the land above described, which is not of very great value, the present law of Virginia would itself work the creation of federal jurisdiction over it, and if that were not complete enough, the legislature of Virginia would in all probability so enlarge the jurisdiction as to enable Congress to include it within the control of the government of the District of Columbia and actually make it a part of Washington. I earnestly recommend that steps be taken to carry out this plan.

PUBLIC UTILITIES.

There are a sufficient number of corporations enjoying the use of public utilities in the District of Columbia to justify and require the

enactment of a law providing for their supervision and regulation in the public interest consistent with the vested rights secured to them by their charters. A part of these corporations, to wit, the street railways, have been put under the control of the Interstate Commerce Commission, but that Commission recommends that the power be taken from it, and intimates broadly that its other and more important duties make it impossible for it to give the requisite supervision. It seems to me wise to place this general power of supervision and regulation in the District Commissioners. It is said that their present duties are now absorbing and would prevent the proper discharge by them of these new functions, but their present jurisdiction brings them so closely and frequently in contact with these corporations and makes them to know in such detail how the corporations are discharging their duties under the law and how they are serving the public interest that the Commissioners are peculiarly fitted to do this work, and I hope that Congress will impose it upon them by intrusting them with powers in respect to such corporations similar to those of the public utilities commission of New York City or similar boards in Massachusetts.

SCHOOL SYSTEM.

I do not think the present control of the school system of Washington commends itself as the most efficient and economical and thorough instrument for the carrying on of public instruction.

The cost of education in the District of Columbia is excessive as compared with the cost in other cities of similar size, and it is not apparent that the results are in general more satisfactory. The average cost per pupil per day in Washington is about 38 cents, while the average cost in 13 other American cities fairly comparable with Washington in population and standard of education is about 25.5 cents. For each dollar spent in salaries of school teachers and officers in the District about 4.4 days of instruction per pupil are given, while in the 13 cities above referred to each dollar expended for salaries affords on the average 6.8 days of instruction. For the current fiscal year the estimates of the Board of Education amounted to about three-quarters of the entire revenue locally collected for District purposes.

If I may say so, there seems to be a lack of definite plan in the expansion of the school system and the erection of new buildings and of proper economy in the use of these buildings that indicates the necessity for the concentration of control. All plans for improvement and expansion in the school system are with the School Board, while the limitation of expenses is with the District Commissioners. I think it would be much better to put complete control and responsibility in the District Commissioners, and then provide a board of school visitors, to be appointed by the Supreme Court of the District or by the

President, from the different school districts of Washington, who, representing local needs, shall meet and make recommendations to the Commissioners and to the Superintendent of Education—an educator of ability and experience who should be an appointee of and responsible to the District Commissioners.

PERMANENT IMPROVEMENTS.

Among other items for permanent improvements appearing in the District estimates for 1912 is one designed to substitute for Willow Tree Alley, notorious in the records of the Police and Health Departments, a playground with a building containing baths, a gymnasium, and other helpful features, and I hope Congress will approve this estimate. Fair as Washington seems with her beautiful streets and shade trees, and free, as the expanse of territory which she occupies would seem to make her, from slums and insanitary congestion of population, there are centers in the interior of squares where the very poor, and the criminal classes as well, huddle together in filth and noisome surroundings, and it is of primary importance that these nuclei of disease and suffering and vice should be removed, and that there should be substituted for them small parks as breathing spaces, and model tenements having sufficient air space and meeting other hygienic requirements. The estimate for the reform of Willow Tree Alley, the worst of these places in the city, is the beginning of a movement that ought to attract the earnest attention and support of Congress, for Congress can not escape its responsibility for the existence of these human pest holes.

The estimates for the District of Columbia for the fiscal year 1912 provide for the repayment to the United States of $616,000, one-fourth of the floating debt that will remain on June 30, 1911. The bonded debt will be reduced in 1912 by about the same amount.

The District of Columbia is now in an excellent financial condition. Its own share of indebtedness will, it is estimated, be less than $6,000,000 on June 30, 1912, as compared with about $9,000,000 on June 30, 1909.

The bonded debt, owed half and half by the United States and the District, will be extinguished by 1924, and the floating debt of the District probably long before that time.

The revenues have doubled in the last ten years, while the population during the same period has increased but 18.78 per cent. It is believed that, if due economy be practiced, the District can soon emerge from debt, even while financing its permanent improvements with reasonable rapidity from current revenues.

To this end, I recommend the enactment into law of a bill now before Congress—and known as the Judson Bill—which will insure the

gradual extinguishment of the District's debt, while at the same time requiring that the many permanent improvements needed to complete a fitting capital city shall be carried on from year to year and at a proper rate of progress with funds derived from the rapidly increasing revenues.

FREEDMEN'S BANK.

I renew my recommendation that the claims of the depositors in the Freedmen's Bank be recognized and paid by the passage of the pending bill on that subject.

NEGRO EXPOSITION.

I also renew my recommendation that steps be taken looking to the holding of a Negro exposition in celebration of the fiftieth anniversary of the issuing by Mr. Lincoln of the Emancipation Proclamation.

CIVIL SERVICE COMMISSION.

The Civil Service Commission has continued its useful duties during the year. The necessity for the maintenance of the provisions of the civil service law was never greater than to-day. Officers responsible for the policy of the Administration, and their immediate personal assistants or deputies, should not be included within the classified service; but in my judgment, public opinion has advanced to the point where it would support a bill providing a secure tenure during efficiency for all purely administrative officials. I entertain the profound conviction that it would greatly aid the cause of efficient and economical government, and of better politics if Congress could enact a bill providing that the Executive shall have the power to include in the classified service all local offices under the Treasury Department, the Department of Justice, the Post-Office Department, the Interior Department, and the Department of Commerce and Labor, appointments to which now require the confirmation of the Senate, and that upon such classification the advice and consent of the Senate shall cease to be required in such appointments. By their certainty of tenure, dependent on good service, and by their freedom from the necessity for political activity, these local officers would be induced to become more efficient public servants.

The civil service law is an attempt to solve the problem of the proper selection of those who enter the service. A better system under that law for promotions ought to be devised, but, given the selected employee, there remains still the question of promoting his efficiency and his usefulness to the Government, and that can be brought about only by a careful comparison of unit work done by the individual and a

pointing out of the necessity for improvement in this regard where improvement is possible.

INQUIRY INTO ECONOMY AND EFFICIENCY.

The increase in the activities and in the annual expenditures of the Federal Government has been so rapid and so great that the time has come to check the expansion of government activities in new directions until we have tested the economy and efficiency with which the Government of to-day is being carried on. The responsibility rests upon the head of the Administration. He is held accountable by the public, and properly so. Despite the unselfish and patriotic efforts of the heads of departments and others charged with responsibility of government, there has grown up in this country a conviction that the expenses of government are too great. The fundamental reason for the existence undetected of waste, duplication, and bad management is the lack of prompt, accurate information. The president of a private corporation doing so vast a business as the Government transacts would, through competent specialists, maintain the closest scrutiny on the comparative efficiency and the comparative costs in each division or department of the business. He would know precisely what the duties and the activities of each bureau or division are in order to prevent overlapping. No adequate machinery at present exists for supplying the President of the United States with such information respecting the business for which he is responsible. For the first time in the history of the Government, Congress in the last session supplied this need and made an appropriation to enable the President to inquire into the economy and efficiency of the executive departments, and I am now assembling an organization for that purpose.

At the outset I find comparison between departments and bureaus impossible for the reason that in no two departments are the estimates and expenditures displayed and classified alike. The first step is to reduce all to a common standard for classification and judgment, and this work is now being done. When it is completed, the foundation will be laid for a businesslike national budget, and for such a just comparison of the economy and efficiency with which the several bureaus and divisions are conducted as will enable the President and the heads of Departments to detect waste, eliminate duplication, encourage the intelligent and effective civil servants whose efforts too often go unnoticed, and secure the public service at the lowest possible cost.

The Committees on Appropriations of Congress have diligently worked to reduce the expenses of government and have found their efforts often blocked by lack of accurate information containing a proper analysis of requirements and of actual and reasonable costs. The result of this inquiry should enable the Executive in his communi-

cations to Congress to give information to which Congress is entitled and which will enable it to promote economy.

My experience leads me to believe that while Government methods are much criticised, the bad results—if we do have bad results—are not due to a lack of zeal or willingness on the part of the civil servants. On the contrary, I believe that a fine spirit of willingness to work exists in the personnel, which, if properly encouraged, will produce results equal to those secured in the best managed private enterprises. In handling Government expenditure the aim is not profit—the aim is the maximum of public service at the minimum of cost. We wish to reduce the expenditures of the Government, and we wish to save money to enable the Government to go into some of the beneficial projects which we are debarred from taking up now because we ought not to increase our expenditures.

I have requested the head of each Department to appoint committees on economy and efficiency in order to secure full cooperation in the movement by the employees of the Government themselves.

At a later date I shall send to Congress a special message on this general subject.

I urge the continuance of the appropriation of $100,000 requested for the fiscal year 1912.

CIVIL SERVICE RETIREMENT.

It is impossible to proceed far in such an investigation without perceiving the need of a suitable means of eliminating from the service the superannuated. This can be done in one of two ways, either by straight civil pension or by some form of contributory plan.

Careful study of experiments made by foreign governments shows that three serious objections to the civil pension payable out of the public treasury may be brought against it by the taxpayer, the administrative officer, and the civil employee, respectively. A civil pension is bound to become an enormous, continuous, and increasing tax on the public exchequer; it is demoralizing to the service since it makes difficult the dismissal of incompetent employees after they have partly earned their pension; and it is disadvantageous to the main body of employees themselves since it is always taken into account in fixing salaries and only the few who survive and remain in the service until pensionable age receive the value of their deferred pay. For this reason, after a half century of experience under a most liberal pension system, the civil servants of England succeeded, about a year ago, in having the system so modified as to make it virtually a contributory plan with provision for refund of their theoretical contributions.

The experience of England and other countries shows that neither can a contributory plan be successful, human nature being what it is, which does not make provision for the return of contributions, with

interest, in case of death or resignation before pensionable age. Followed to its logical conclusion this means that the simplest and most independent solution of the problem for both employee and the Government is a compulsory savings arrangement, the employee to set aside from his salary a sum sufficient, with the help of a liberal rate of interest from the Government, to purchase an adequate annuity for him on retirement, this accumulation to be inalienably his and claimable if he leaves the service before reaching the retirement age or by his heirs in case of his death. This is the principle upon which the Gillett bill now pending is drawn.

The Gillett bill, however, goes further and provides that the Government shall contribute to the pension fund of those employees who are now so advanced in age that their personal contributions will not be sufficient to create their annuities before reaching the retirement age. In my judgment this provision should be amended so that the annuities of those employees shall be paid out of the salaries appropriated for the positions vacated by retirement, and that the difference between the annuities thus granted and the salaries may be used for the employment of efficient clerks at the lower grades. If the bill can be thus amended I recommend its passage, as it will initiate a valuable system and ultimately result in a great saving in the public expenditures.

INTERSTATE COMMERCE COMMISSION.

There has not been time to test the benefit and utility of the amendments to the interstate commerce law contained in the act approved June 18, 1910. The law as enacted did not contain all the features which I recommended. It did not specifically denounce as unlawful the purchase by one of two parallel and competing roads of the stock of the other. Nor did it subject to the restraining influence of the Interstate Commerce Commission the power of corporations engaged in operating interstate railroads to issue new stock and bonds; nor did it authorize the making of temporary agreements between railroads, limited to thirty days, fixing the same rates for traffic between the same places.

I do not press the consideration of any of these objects upon Congress at this session. The object of the first provision is probably generally covered by the antitrust law. The second provision was in the act referred to the consideration of a commission to be appointed by the Executive and to report upon the matter to Congress. That commission has been appointed, and is engaged in the investigation and consideration of the question submitted under the law. It consists of President Arthur T. Hadley, of Yale University, as chairman; Frederick Strauss, Frederick N. Judson, Walter L. Fisher, and Prof. B. H. Meyer, with William E. S. Griswold as secretary.

The third proposal led to so much misconstruction of its object, as being that of weakening the effectiveness of the antitrust law, that I am not disposed to press it for further consideration. It was intended to permit railroad companies to avoid useless rate cutting by a mere temporary acquiescence in the same rates for the same service over competing railroads, with no obligation whatever to maintain those rates for any time.

SAFETY APPLIANCES AND PROVISIONS.

The protection of railroad employees from personal injury is a subject of the highest importance and demands continuing attention. There have been two measures pending in Congress, one for the supervision of boilers and the other for the enlargement of dangerous clearances. Certainly some measures ought to be adopted looking to a prevention of accidents from these causes. It seems to me that with respect to boilers a bill might well be drawn requiring and enforcing by penalty a proper system of inspection by the railway companies themselves which would accomplish our purpose. The entire removal of outside clearances would be attended by such enormous expense that some other remedy must be adopted. By act of May 6, 1910, the Interstate Commerce Commission is authorized and directed to investigate accidents, to report their causes and its recommendations. I suggest that the Commission be requested to make a special report as to injuries from outside clearances and the best method of reducing them.

VALUATION OF RAILROADS.

The Interstate Commerce Commission has recommended appropriations for the purpose of enabling it to enter upon a valuation of all railroads. This has always been within the jurisdiction of the Commission, but the requisite funds have been wanting. Statistics of the value of each railroad would be valuable for many purposes, especially if we ultimately enact any limitations upon the power of the interstate railroads to issue stocks and bonds, as I hope we may. I think, therefore, that in order to permit a correct understanding of the facts, it would be wise to make a reasonable appropriation to enable the Interstate Commerce Commission to proceed with due dispatch to the valuation of all railroads. I have no doubt that railroad companies themselves can and will greatly facilitate this valuation and make it much less costly in time and money than has been supposed.

FRAUDULENT BILLS OF LADING.

Forged and fraudulent bills of lading purporting to be issued against cotton, some months since, resulted in losses of several millions of dol-

lars to American and foreign banking and cotton interests. Foreign bankers then notified American bankers that, after October 31, 1910, they would not accept bills of exchange drawn against bills of lading for cotton issued by American railroad companies, unless American bankers would guarantee the integrity of the bills of lading. The American bankers rightly maintained that they were not justified in giving such guarantees, and that, if they did so, the United States would be the only country in the world whose bills were so discredited, and whose foreign trade was carried on under such guaranties.

The foreign bankers extended the time at which these guaranties were demanded until December 31, 1910, relying upon us for protection in the meantime, as the money which they furnish to move our cotton crop is of great value to this country.

For the protection of our own people and the preservation of our credit in foreign trade, I urge upon Congress the immediate enactment of a law under which one who, in good faith, advances money or credit upon a bill of lading issued by a common carrier upon an interstate or foreign shipment can hold the carrier liable for the value of the goods described in the bill at the valuation specified in the bill, at least to the extent of the advances made in reliance upon it. Such liability exists under the laws of many of the States. I see no objection to permitting two classes of bills of lading to be issued: (1) Those under which a carrier shall be absolutely liable, as above suggested, and (2) those with respect to which the carrier shall assume no liability except for the goods actually delivered to the agent issuing the bill. The carrier might be permitted to make a small separate specific charge in addition to the rate of transportation for such guaranteed bill, as an insurance premium against loss from the added risk, thus removing the principal objection which I understand is made by the railroad companies to the imposition of the liability suggested, viz., that the ordinary transportation rate would not compensate them for the liability assumed by the absolute guaranty of the accuracy of the bills of lading.

I further recommend that a punishment of fine and imprisonment be imposed upon railroad agents and shippers for fraud or misrepresentation in connection with the issue of bills of lading issued upon interstate and foreign shipments.

GENERAL CONCLUSION AS TO INTERSTATE COMMERCE AND ANTITRUST LAW.

Except as above, I do not recommend any amendment to the interstate-commerce law as it stands. I do not now recommend any amendment to the anti-trust law. In other words, it seems to me that the existing legislation with reference to the regulation of corporations

and the restraint of their business has reached a point where we can stop for a while and witness the effect of the vigorous execution of the laws on the statute books in restraining the abuses which certainly did exist and which roused the public to demand reform. If this test develops a need for further legislation, well and good, but until then let us execute what we have. Due to the reform movements of the present decade, there has undoubtedly been a great improvement in business methods and standards. The great body of business men of this country, those who are responsible for its commercial development, now have an earnest desire to obey the law and to square their conduct of business to its requirements and limitations. These will doubtless be made clearer by the decisions of the Supreme Court in cases pending before it. It is in the interest of all the people of the country that for the time being the activities of government, in addition to enforcing earnestly and impartially the existing laws, should be directed to economy of administration, to the enlargement of opportunities for foreign trade, to the conservation and improvement of our agricultural lands and our other natural resources, to the building up of home industries, and to the strengthening of confidence of capital in domestic investment.

WILLIAM H. TAFT.

APPENDIX TO SECOND ANNUAL MESSAGE.

Address to the National Conservation Congress in St. Paul, Minn., September 5, 1910.

[Figures as to land withdrawals, classifications, and valuations are brought down to November 15, 1910.]

Conservation as an economic and political term has come to mean the preservation of our natural resources for economical use, so as to secure the greatest good to the greatest number. In the development of this country, in the hardships of the pioneer, in the energy of the settler, in the anxiety of the investor for quick returns, there was very little time, opportunity, or desire to prevent waste of those resources supplied by nature which could not be quickly transmuted into money; while the investment of capital was so great a desideratum that the people as a community exercised little or no care to prevent the transfer of absolute ownership of many of the valuable natural resources to private individuals, without retaining some kind of control of their use. The impulse of the whole new community was to encourage the coming of population, the increase of settlement, and the opening up of business; and he who demurred in the slightest degree to any step

which promised additional development of the idle resources at hand was regarded as a traitor to his neighbors and an obstructor to public progress. But now that the communities have become old, now that the flush of enthusiastic expansion has died away, now that the would-be pioneers have come to realize that all the richest lands in the country have been taken up, we have perceived the necessity for a change of policy in the disposition of our national resources so as to prevent the continuance of the waste which has characterized our phenomenal growth in the past. To-day we desire to restrict and retain under public control the acquisition and use by the capitalist of our natural resources.

The danger to the State and to the people at large from the waste and dissipation of our national wealth is not one which quickly impresses itself on the people of the older communities, because its most obvious instances do not occur in their neighborhood, while in the newer part of the country the sympathy with expansion and development is so strong that the danger is scoffed at or ignored. Among scientific men and thoughtful observers, however, the danger has always been present; but it needed some one to bring home the crying need for a remedy of this evil so as to impress itself on the public mind and lead to the formation of public opinion and action by the representatives of the people. Theodore Roosevelt took up this task in the last two years of his second administration, and well did he perform it.

As President of the United States I have, as it were, inherited this policy, and I rejoice in my heritage. I prize my high opportunity to do all that an Executive can do to help a great people realize a great national ambition. For conservation is national. It affects every man of us, every woman, every child. What I can do in the cause I shall do, not as President of a party, but as President of the whole people. Conservation is not a question of politics, or of factions, or of persons. It is a question that affects the vital welfare of all of us —of our children and our children's children. I urge that no good can come from meetings of this sort unless we ascribe to those who take part in them, and who are apparently striving worthily in the cause, all proper motives, and unless we judicially consider every measure or method proposed with a view to its effectiveness in achieving our common purpose, and wholly without regard to who proposes it or who will claim the credit for its adoption. The problems are of very great difficulty and call for the calmest consideration and clearest foresight. Many of the questions presented have phases that are new in this country, and it is possible that in their solution we may have to attempt first one way and then another. What I wish to emphasize, however, is that a satisfactory conclusion can only be reached promptly

if we avoid acrimony, imputations of bad faith, and political controversy.

The public domain of the Government of the United States, including all the cessions from those of the thirteen States that made cessions to the United States and including Alaska, amounted in all to about 1,800,000,000 acres. Of this there is left as purely government property outside of Alaska something like 700,000,000 acres. Of this the national forest reserves in the United States proper embrace 144,000,000 acres. The rest is largely mountain or arid country, offering some opportunity for agriculture by dry farming and by reclamation, and containing metals as well as coal, phosphates, oils, and natural gas. Then the Government owns many tracts of land lying along the margins of streams that have water power, the use of which is necessary in the conversion of the power into electricity and its transmission.

I shall divide my discussion under the heads of (1) agricultural lands; (2) mineral lands—that is, lands containing metalliferous minerals; (3) forest lands; (4) coal lands; (5) oil and gas lands; and (6) phosphate lands.

I feel that it will conduce to a better understanding of the problems presented if I take up each class and describe, even at the risk of tedium, first, what has been done by the last administration and the present one in respect to each kind of land; second, what laws at present govern its disposition; third, what was done by the present Congress in this matter; and, fourth, the statutory changes proposed in the interest of conservation.

(1) AGRICULTURAL LANDS.

Our land laws for the entry of agricultural lands are now as follows:

The original homestead law, with the requirements of residence and cultivation for five years, much more strictly enforced now than ever before.

The enlarged homestead act, applying to nonirrigable lands only, requiring five years' residence and continuous cultivation of one-fourth of the area.

The desert-land act, which requires on the part of the purchaser the ownership of a water right and thorough reclamation of the land by irrigation, and the payment of $1.25 per acre.

The donation or Carey Act, under which the State selects the land and provides for its reclamation, and the title vests in the settler who resides upon the land and cultivates it and pays the cost of reclamation.

The national reclamation homestead law, requiring five years' residence and cultivation by the settler on the land irrigated by the Government, and payment by him to the Government of the cost of the reclamation.

There are other acts, but not of sufficient general importance to call for mention unless it is the stone and timber act, under which every individual, once in his lifetime, may acquire 160 acres of land, if it has valuable timber on it or valuable stone, by paying the price of not less than $2.50 per acre, fixed after examination of the stone or timber by a government appraiser. In times past a great deal of fraud has been perpetrated in the acquisition of lands under this act; but it is now being much more strictly enforced, and the entries made are so few in number that it seems to serve no useful purpose and ought to be repealed.

The present Congress passed a bill of great importance, severing the ownership of coal by the Government in the ground from the surface and permitting homestead entries upon the surface of the land, which, when perfected, give the settler the right to farm the surface, while the coal beneath the surface is retained in ownership by the Government and may be disposed of by it under other laws.

There is no crying need for radical reform in the methods of disposing of what are really agricultural lands. The present laws have worked well. The enlarged homestead law has encouraged the successful farming of lands in the semiarid regions. Of course the teachings of the Agricultural Department as to how these subarid lands may be treated and the soil preserved for useful culture are of the very essence of conservation. Then conservation of agricultural lands is shown in the reclamation of arid lands by irrigation and I should devote a few words to what the Government has done and is doing in this regard.

RECLAMATION.

By the reclamation act a fund has been created of the proceeds of the public lands of the United States with which to construct works for storing great bodies of water at proper altitudes from which, by a suitable system of canals and ditches, the water is to be distributed over the arid and subarid lands of the Government to be sold to settlers at a price sufficient to pay for the improvements. Primarily, the projects are and must be for the improvement of public lands. Incidentally, where private land is also within the reach of the water supply, the furnishing at cost or profit of this water to private owners by the Government is held by the Federal Court of Appeals not to be a usurpation of power. But certainly this ought not to be done except from surplus water not needed for government land. About 30 projects have been set on foot distributed through the public-land States in accord with the statute, by which the allotments from the reclamation fund are required to be as near as practicable in proportion to the proceeds from the sale of the public lands in the respective States. The total sum already accumulated in the re-

THE MOBILIZATION OF TROOPS IN TEXAS, 1911

MOBILIZATION OF TROOPS IN TEXAS, 1911

The laws of neutrality required that we prevent the exportation from the United States of munitions of war, for the use of the Mexican insurrectos under General Madero. In order to accomplish this purpose the whole border was patrolled by United States troops. The numbers of the troops, the haste with which the movement was made, and the fact that they carried ball cartridges caused a good deal of speculation as to an ulterior motive. There is a possibility that the President feared that anarchy would follow the overthrow of the Diaz régime and desired to have troops ready to march into the country and protect foreigners so as to obviate the necessity of other nations intervening to protect their nationals. The army responded fairly well to the demands of the moment.

See the articles, "Mexico, Treaties with," "Mexico," "Neutrality Proclamation of," in the Encyclopedic Index.

clamation fund is about $69,449,058.76, and of that all but $6,241,058.76 has been allotted. It became very clear to Congress at its last session, from the statements made by experts, that these 30 projects could not be promptly completed with the balance remaining on hand or with the funds likely to accrue in the near future. It was found, moreover, that there are many settlers who have been led into taking up lands with the hope and understanding of having water furnished in a short time, who are left in a most distressing situation. I recommended to Congress that authority be given to the Secretary of the Interior to issue bonds in anticipation of the assured earnings by the projects, so that the projects, worthy and feasible, might be promptly completed, and the settlers might be relieved from their present inconvenience and hardship. In authorizing the issue of these bonds, Congress limited the application of their proceeds to those projects which a board of army engineers, to be appointed by the President, should examine and determine to be feasible and worthy of completion. The board has been appointed and soon will make its report.

(2) MINERAL LANDS.

By mineral lands I mean those lands bearing metals, or what are called metalliferous minerals. The rules of ownership and disposition of these lands were first fixed by custom in the West, and then were embodied in the law, and they have worked, on the whole, so fairly and well that I do not think it is wise now to attempt to change or better them. The apex theory of tracing title to a lode has led to much litigation and dispute and ought not to have become the law, but it is so fixed and understood now that the benefit to be gained by a change is altogether outweighed by the inconvenience that would attend the introduction of a new system. So, too, the proposal for the Government to lease such mineral lands and deposits and to impose royalties might have been in the beginning a good thing, but now that most of the mineral land—I do not refer to coal land, or gas land, or phosphate land—has been otherwise disposed of it would be hardly worth while to assume the embarrassment of a radical change.

(3) FOREST LANDS.

Nothing can be more important in the matter of conservation than the treatment of our forest lands. It was probably the ruthless destruction of forests in the older States that first called attention to the necessity for a halt in the waste of our resources. This was recognized by Congress by an act authorizing the Executive to reserve from entry and set aside public timber lands as national forests. Speaking generally, there has been reserved of the existing forests about 70 per cent of all the timber lands of the Government. Within these

forests (including 26,000,000 acres in two forests in Alaska) are 192,000,000 of acres, of which 166,000,000 of acres are in the United States proper and include within their boundaries something like 22,000,000 of acres that belong to the State or to private individuals. We have, then, excluding Alaska forests, a total of about 144,000,000 acres of forests belonging to the Government which is being treated in accord with the principles of scientific forestry. The law now prohibits the reservation of any more forest lands in Oregon, Washington, Idaho, Montana, Colorado, and Wyoming, except by act of Congress. I am informed by the Department of Agriculture that the Government owns other tracts of timber land in these States which should be included in the forest reserves. I expect to recommend to Congress that the limitation herein imposed shall be repealed. In the present forest reserves there are lands which are not properly forest land and which ought to be subject to homestead entry. This has caused some local irritation. We are carefully eliminating such lands from forest reserves, or, where their elimination is not practicable, listing them for entry under the forest homestead act. Congress ought to trust the Executive to use the power of reservation only with respect to land covered by timber or which will be useful in the plan of reforestation. During the present administration steps have been initiated which will result in the elimination of 6,250,000 acres of land, largely nontimbered, from forest reserves and in the addition of 3,500,000 acres of land principally valuable for forest purposes, making a net reduction in forest reserves amounting to 2,750,000 acres. The Bureau of Forestry since its creation has initiated reforestation on about 15,000 acres. A great deal of the forest land is available for grazing. During the past year the grazing lessees numbered 25,687, and they pastured upon the forest reserves 1,409,873 cattle, 85,552 horses, and 7,558,650 sheep, for which the Government received $986,909—a decrease from the preceding year of $45,276, due to the fact that no money was collected or received for grazing on the nontimbered lands eliminated from the forest reserve. Another source of profit in the forestry is the receipts for timber sold. This year they amounted to $1,043,428, an increase of $307,326 over the receipts of last year. This increase is due to the improvement in transportation to market and to the greater facility with which the timber can be reached.

The government timber in this country amounts to only one-fourth of all the timber, the rest being in private ownership. Only 3 per cent of that which is in private ownership is looked after properly and treated according to modern rules of forestry. The usual destructive waste and neglect continues in the remainder of the forests owned by private persons and corporations. It is estimated that fire

alone destroys fifty million dollars' worth of timber a year. The management of forests not on public land is beyond the jurisdiction of the Federal Government. If anything can be done by law it must be done by the state legislatures. I believe that it is within their constitutional power and duty to require the enforcement of regulations in the general public interest, as to fire and other causes of waste in the management of forests owned by private individuals and corporations.

OTHER LAND WITHDRAWALS.

When President Roosevelt became fully advised of the necessity for the change in our disposition of public lands, especially those containing coal, oil, gas, phosphates, or water-power sites, he began the exercise of the power of withdrawal by executive order, of lands subject by law to homestead and the other methods of entering for agricultural lands. The precedent he set in this matter was followed by the present administration. Doubt had been expressed in some quarters as to the power in the Executive to make such withdrawals. The confusion and injustice likely to arise if the courts were to deny the power led me to appeal to Congress to give the President the express power. Congress has complied. The law as passed does not expressly validate or confirm previous withdrawals, and therefore as soon as the new law was passed, I myself confirmed all the withdrawals which had theretofore been made by both administrations by making them over again. This power of withdrawal is a most useful one, and I do not think that it is likely to be abused.

(4) COAL LANDS.

The next subject, and one most important for our consideration, is the disposition of the coal lands in the United States and in Alaska. First, as to those in the United States. At the beginning of this administration there were classified coal lands amounting to 5,476,000 acres, and there were withdrawn from entry for purposes of classification 17,867,000 acres. Since that time there have been withdrawn by my order from entry for classification 78,977,745 acres, making a total withdrawal of 96,844,745 acres. Meantime, of the acres thus withdrawn, 10,061,889 have been classified and found not to contain coal, and have been restored to agricultural entry, and 4,726,091 acres have been classified as coal lands, while 79,903,239 acres remain withdrawn from entry and await classification. In addition 337,000 acres have been classified as coal lands without prior withdrawal, thus increasing the classified coal lands to 10,429,372 acres.

Under the laws providing for the disposition of coal lands in the United States, the minimum price at which lands are permitted to be sold is $10 an acre; but the Secretary of the Interior has the power to

fix a maximum price and to sell at that price. By the first regulations governing appraisal, approved April 8, 1907, the minimum was $10, as provided by law, and the maximum was $100, and the highest price actually placed upon any land sold was $75. Under the new regulations, adopted April 10, 1909, the maximum price was increased to $300, except in regions where there are large mines, where no maximum limit is fixed and the price is determined by the estimated tons of coal to the acre. The highest price fixed for any land under this regulation has been $608. The appraised value of the lands classified as coal lands and valued under the new and old regulations is shown to be as follows: 3,795,445 acres, valued under the old regulation at $76,804,337, an average of approximately $20.50 an acre; and 6,633,927 acres classified and valued under the new regulation at $430,050,364, or a total of 10,429,372 acres, valued at $506,854,701.

For the year ended June 30, 1909, 213 coal entries were made, embracing an area of 31,045 acres, which sold for $556,502.03. For the year ended June 30, 1910, there were 248 entries, embracing an area of 38,325 acres, which sold for $772,325.41; and from June 30 to November, 1910, there were 38 entries, with an area of 5,164 acres, which sold for $103,082.75, making the disposition of coal lands within the last two years of about 75,000 acres for $1,431,910.

The present Congress, as already said, has separated the surface of coal lands, either classified or withdrawn for classification, from the coal beneath, so as to permit at all times homestead entries upon the surface of lands useful for agriculture and to reserve the ownership in the coal to the Government. The question which remains to be considered is whether the existing law for the sale of the coal in the ground should continue in force or be repealed and a new method of disposition adopted. Under the present law the absolute title in the coal beneath the surface passes to the grantee of the Government. The price fixed is upon an estimated amount of the tons of coal per acre beneath the surface, and the prices are fixed so that the earnings will only be a reasonable profit upon the amount paid and the investment necessary. But, of course, this is more or less guesswork, and the Government parts with the ownership of the coal in the ground absolutely. Authorities of the Geological Survey estimate that in the United States to-day there is a supply of about 3,000 billions of tons of coal, and that of this 1,000 billions are in the public domain. Of course, the other 2,000 billions are within private ownership and under no more control as to the use or the prices at which the coal may be sold than any other private property. If the Government leases the coal lands and acts as any landlord would, and imposes conditions in its leases like those which are now imposed by the owners in fee of coal mines in the various coal regions of the East, then it would retain

over the disposition of the coal deposits a choice as to the assignee of the lease, a power of resuming possession at the end of the term of the lease, or of readjusting terms at fixed periods of the lease, which might easily be framed to enable it to exercise a limited but effective control in the disposition and sale of the coal to the public. It has been urged that the leasing system has never been adopted in this country, and that its adoption would largely interfere with the investment of capital and the proper development and opening up of the coal resources. I venture to differ entirely from this view. My investigations show that many owners of mining property of this country do not mine it themselves, and do not invest their money in the plants necessary for the mining; but they lease their properties for a term of years varying from twenty to forty years, under conditions requiring the erection of a proper plant and the investment of a certain amount of money in the development of the mines, and fixing a rental and a royalty, sometimes an absolute figure and sometimes one proportioned to the market value of the coal. Under this latter method the owner of the mine shares in the prosperity of his lessees when coal is high and the profits good, and also shares to some extent in their disappointment when the price of coal falls.

I have looked with some care into a report made at the instance of President Roosevelt upon the disposition of coal lands in Australia, Tasmania, and New Zealand. These are peculiarly mining countries, and their experience ought to be most valuable. In all these countries the method for the disposition and opening of coal mines originally owned by the Government is by granting leasehold, and not by granting an absolute title. The terms of the leases run all the way from twenty to fifty years, while the amount of land which may be leased to any individual there is from 320 acres to 2,000 acres. It appears that a full examination was made and the opinions of all the leading experts on the subject were solicited and given, and that with one accord they approved in all respects the leasing system. Its success is abundantly shown. It is possible that at first considerable latitude will have to be given to the Executive in drafting these forms of lease, but as soon as experiment shall show which is the most workable and practicable, its use should be provided for specifically by statute.

The question as to how great an area ought to be included in a lease to one individual or corporation is not free from difficulty; but in view of the fact that the Government retains control as owner, I think there might be some liberality in the amount leased, and that 2,500 acres would not be too great a maximum. The leases should only be granted after advertisement and public competition.

By the opportunity to readjust the terms upon which the coal shall

be held by the tenant, either at the end of each lease or at periods during the term, the Government may secure the benefit of sharing in the increased price of coal and the additional profit made by the tenant. By imposing conditions in respect to the character of work to be done in the mines, the Government may control the character of the development of the mines and the treatment of employees with reference to safety. By denying the right to transfer the lease except by the written permission of the governmental authorities, it may withhold the needed consent when it is proposed to transfer the leasehold to persons interested in establishing a monopoly of coal production in any State or neighborhood. As one-third of all the coal supply is held by the Government, it seems wise that it should retain such control over the mining and the sale as the relation of lessor to lessee furnishes.

ALASKA COAL LANDS.

The investigations of the Geological Survey show that the coal properties in Alaska cover about 1,200 square miles, and that there are known to be available about 15 billion tons. This is, however, an underestimate of the coal in Alaska, because further developments will probably increase this amount many times; but we can say with considerable certainty that there are two fields on the Pacific slope which can be reached by railways at a reasonable cost from deep water—in one case of about 50 miles and in the other case of about 150 miles—which will afford certainly 6 billion tons of coal, more than half of which is of a very high grade of bituminous and of anthracite. It is estimated to be worth, in the ground, one-half cent a ton, which makes its value per acre from $50 to $500. The coking-coal lands of Pennsylvania are worth from $800 to $2,000 an acre, while other Appalachian fields are worth from $10 to $386 an acre, and the fields in the Central States from $10 to $2,000 an acre, and in the Rocky Mountains from $10 to $500 an acre. The demand for coal on the Pacific coast is for about 4,500,000 tons a year. It would encounter the competition of cheap fuel oil, of which the equivalent of 12,000,000 tons of coal a year is used there. It is estimated that the coal could be laid down at Seattle or San Francisco, a high-grade bituminous, at $4 a ton and anthracite at $5 or $6 a ton. The price of coal on the Pacific slope varies greatly from time to time in the year and from year to year—from $4 to $12 a ton. With a regular coal supply established, the expert of the Geological Survey, Mr. Brooks, who has made a report on the subject, does not think there would be an excessive profit in the Alaska coal mining because the price at which the coal could be sold would be considerably lowered by competition from these fields and by the presence of crude fuel oil. The history of the laws

affecting the disposition of Alaska coal lands shows them to need amendment badly. Speaking of them, Mr. Brooks says:

"The first act, passed June 6, 1900, simply extended to Alaska the provisions of the coal-land laws in the United States. The law was ineffective, for it provided that only subdivided lands could be taken up, and there were then no land surveys in Alaska. The matter was rectified by the act of April 28, 1904, which permitted unsurveyed lands to be entered and the surveys to be made at the expense of the entrymen. Unfortunately, the law provided that only tracts of 160 acres could be taken up, and no recognition was given to the fact that it was impracticable to develop an isolated coal field requiring the expenditure of a large amount of money by such small units Many claims were staked, however, and surveys were made for patents. It was recognized by everybody familiar with the conditions that after patent was obtained these claims would be combined in tracts large enough to assure successful mining operations. No one experienced in mining would, of course, consider it feasible to open a coal field on the basis of single 160-acre tracts. The claims for the most part were handled in groups, for which one agent represented the several different owners. Unfortunately, a strict interpretation of the statute raised the question whether even a tacit understanding between claim owners to combine after patents had been obtained was not illegal. Remedial legislation was sought and enacted in the statute of May 28, 1908. This law permitted the consolidation of claims staked previous to November 12, 1906, in tracts of 2,560 acres. One clause of this law invalidated the title if any individual or corporation at any time in the future owned any interest whatsoever, directly or indirectly, in more than one tract. The purpose of this clause was to prevent the monopolization of coal fields; its immediate effect was to discourage capital. It was felt by many that this clause might lead to forfeiture of title through the accidents of inheritance, or might even be used by the unscrupulous in blackmailing. It would appear that land taken up under this law might at any time be forfeited to the Government through the action of any individual who, innocently or otherwise, obtained interest in more than one coal company. Such a title was felt to be too insecure to warrant the large investments needed for mining developments. The net result of all this is that no titles to coal lands have been passed."

On November 12, 1906, President Roosevelt issued an executive order withdrawing all coal lands from location and entry in Alaska. On May 16, 1907, he modified the order so as to permit valid locations made prior to the withdrawal on November 12, 1906, to proceed to entry and patent. Prior to that date some 900 claims had been filed, most of them said to be illegal because either made fraudulently by dummy entrymen in the interest of one individual or corporation, or because of agreements made prior to location between the applicants to coöperate in developing the lands. There are 33 claims for 160 acres each, known as the "Cunningham claims," which are claimed to be valid on the ground that they were made by an attorney for 33 dif-

ferent and bona fide claimants who, as alleged, paid their money and took the proper steps to locate their entries and protect them. The representatives of the Government, on the other hand, in the hearings before the Land Office have attacked the validity of these Cunningham claims on the ground that prior to their location there was an understanding between the claimants to pool their claims after they had been perfected and unite them in one company. The trend of decision seems to show that such an agreement would invalidate the claims, although under the subsequent law of May 28, 1908, the consolidation of such claims was permitted, after location and entry, in tracts of 2,560 acres. It would be, of course, improper for me to intimate what the result of the issue as to the Cunningham and other Alaska claims is likely to be, but it ought to be distinctly understood that no private claims for Alaska coal lands have as yet been allowed or perfected, and also that whatever the result as to pending claims, the existing coal-land laws of Alaska are most unsatisfactory and should be radically amended. To begin with, the purchase price of the land is a flat rate of $10 per acre with no power to increase it beyond that, although, as we have seen, the estimate of the agent of the Geological Survey would carry up the maximum of value to $500 an acre. In my judgment it is essential to the proper development of Alaska that these coal lands should be opened, and that the Pacific slope should be given the benefit of the comparatively cheap coal of fine quality which can be furnished at a reasonable price from these fields; but the public, through the Government, ought certainly to retain a wise control and interest in these coal deposits, and I think it may do so safely if Congress will authorize the granting of leases, as already suggested, for government coal lands in the United States, with provisions forbidding the transfer of the leases except with the consent of the Government, thus preventing their acquisition by a combination or monopoly and upon limitations as to the area to be included in any one lease to one individual, and at a certain moderate rental, with royalties upon the coal mined proportioned to the market value of the coal laid down either at Seattle or at San Francisco. Of course such leases should contain conditions requiring the erection of proper plants, the proper development by modern mining methods of the properties leased, and the use of every known and practical means and device for saving the life of the miners.

The Government of the United States has much to answer for in not having given proper attention to the government of Alaska and the development of her resources for the benefit of all the people of the country. I would not force development at the expense of a present or future waste of resources; but the problem as to the disposition of the coal lands for present and future use can be wisely and safely settled in one session if Congress gives it careful attention.

(5) OIL AND GAS LANDS.

In the last administration there were withdrawn from agricultural entry 2,820,000 acres of supposed oil land in California; 1,451,520 acres in Louisiana, of which only 6,500 acres were known to be vacant unappropriated land; and 74,849 acres in Oregon, making a total of 4,346,369 acres. In September, 1909, I directed that all public oil lands, whether then withdrawn or not, should be withheld from disposition pending congressional action, for the reason that the existing placer mining law, although made applicable to deposits of this character, is not suitable to such lands, and for the further reason that it seemed desirable to reserve certain fuel-oil deposits for the use of the American navy. Accordingly the form of all existing withdrawals was changed, and new withdrawals aggregating 2,750,000 acres were made in Arizona, California, Colorado, New Mexico, Utah, and Wyoming. Field examinations during the year showed that of the original withdrawals 2,190,424 acres were not valuable for oil, and they were restored for agricultural entry. Meantime other withdrawals of public oil lands in these states were made, so that November 15, 1910, the outstanding withdrawals amounted to 4,654,000 acres.

The needed oil and gas law is essentially a leasing law. In their natural occurrence, oil and gas can not be measured in terms of acres, like coal, and it follows that exclusive title to these products can normally be secured only after they reach the surface. Oil should be disposed of as a commodity in terms of barrels of transportable product rather than in acres of real estate. This is, of course, the reason for the practically universal adoption of the leasing system wherever oil land is in private ownership. The Government thus would not be entering on an experiment, but simply putting into effect a plan successfully operated in private contracts. Why should not the Government as a landowner deal directly with the oil producer rather than through the intervention of a middleman to whom the Government gives title to the land?

The principal underlying feature of such legislation should be the exercise of beneficial control rather than the collection of revenue. As not only the largest owner of oil lands, but as a prospective large consumer of oil by reason of the increasing use of fuel oil by the navy, the Federal Government is directly concerned both in encouraging rational development and at the same time insuring the longest possible life to the oil supply. The royalty rates fixed by the Government should neither exceed nor fall below the current rates. But much more important than revenue is the enforcement of regulations to conserve the public interest so that the covenants of the lessees shall specifically safeguard oil fields against the penalties from careless drillings and of pro-

duction in excess of transportation facilities or of market requirements.

One of the difficulties presented, especially in the California fields, is that the Southern Pacific Railroad owns every other section of land in the oil fields, and in those fields the oil seems to be in a common reservoir, or series of reservoirs, communicating through the oil sands, so that the excessive draining of oil at one well, or on the railroad territory generally, would exhaust the oil in the government land. Hence it is important that if the Government is to have its share of the oil it should begin the opening and development of wells on its own property.

In view of the joint ownership which the Government and the adjoining landowners like the Southern Pacific Railroad have in the oil reservoirs below the surface, it is a most interesting and intricate question, difficult of solution, but one which ought to address itself at once to the state lawmakers, how far the state legislature might impose appropriate restrictions to secure an equitable enjoyment of the common reservoir and to prevent waste and excessive drainage by the various owners having access to this reservoir.

It has been suggested, and I believe the suggestion to be a sound one, that permits be issued to a prospector for oil giving him the right to prospect for two years over a certain tract of government land for the discovery of oil, the right to be evidenced by a license for which he pays a small sum. When the oil is discovered, then he acquires title to a certain tract, much in the same way as he would acquire title under a mining law. Of course if the system of leasing is adopted, then he would be given the benefit of a lease upon terms like that above suggested. What has been said in respect to oil applies also to government gas lands.

Under the proposed oil legislation, especially where the government oil lands embrace an entire oil field, as in many cases, prospectors, operators, consumers, and the public can be benefited by the adoption of the leasing system. The prospector can be protected in the very expensive work that necessarily antedates discovery; the operator can be protected against impairment of the productiveness of the wells which he has leased by reason of control of drilling and pumping of other wells too closely adjacent, or by the prevention of improper methods as employed by careless, ignorant, or irresponsible operators in the same field which result in the admission of water to the oil sands; while of course the consumer will profit by whatever benefits the prospector or operator receives in reducing the first cost of the oil.

(6) PHOSPHATE LANDS.

Phosphorus is one of the three essentials to plant growth, the other elements being nitrogen and potash. Of these three, phosphorus is by

all odds the scarcest element in nature. It is easily extracted in useful form from the phosphate rock, and the United States contains the greatest known deposits of this rock in the world. They are found in Wyoming, Utah, Idaho, and Florida, as well as in South Carolina, Georgia, and Tennessee. The government phosphate lands are confined to Wyoming, Utah, Idaho, and Florida. Prior to March 4, 1909, there were 4,446,298 acres withdrawn from agricultural entry on the ground that the land covered phosphate rock. Since that time, 2,369,776 acres of the land thus withdrawn were found not to contain phosphate in profitable quantities, while 1,678,000 acres were classified properly as phosphate lands. During this administration there have been withdrawn and classified 437,673 acres, so that to-day there are classified as phosphate-rock land 2,514,195 acres. This rock is most important in the composition of fertilizers to improve the soil, and as the future is certain to create an enormous demand throughout this country for fertilization, the value to the public of such deposits as these can hardly be exaggerated. Certainly with respect to these deposits a careful policy of conservation should be followed. Half of the phosphate of the rock that is mined in private fields in the United States is now exported. As our farming methods grow better the demand for the phosphate will become greater, and it must be arranged so that the supply shall equal the needs of the country. It is uncertain whether the placer or lode law applies to the government phosphate rock. There is, therefore, necessity for some definite and well-considered legislation on this subject, and in aid of such legislation all of the government lands known to contain valuable phosphate rock are now withdrawn from entry. A law that would provide a leasing system for the phosphate deposits, together with a provision for the separation of the surface and mineral rights, as is already provided for in the case of coal, would seem to meet the need of promoting the development of these deposits and their utilization in the agricultural lands of the West. If it is thought desirable to discourage the exportation of phosphate rock and the saving of it for our own lands, this purpose could be accomplished by conditions in the lease granted by the Government to its lessees. Of course, under the Constitution the Government could not tax and could not prohibit the exportation of phosphate, but as proprietor and owner of the lands in which the phosphate is deposited it could impose conditions upon the kind of sales, whether foreign or domestic, which the lessees might make of the phosphate mined.

The tonnage represented by the phosphate lands in government ownership is very great, but the lesson has been learned in the case of such lands that have passed into private ownership in South Carolina, Florida, and Tennessee that the phosphate deposits there are in no sense inexhaustible. Moreover, it is also well understand that in the process

of mining phosphate, as it has been pursued, much of the lower grade of phosphate rock, which will eventually all be needed, has been wasted beyond recovery. Such wasteful methods can easily be prevented, so far as the government land is concerned, by conditions inserted in the leases.

(7) WATER-POWER SITES.

Prior to March 4, 1909, there had been, on the recommendation of the Reclamation Service, withdrawn from agricultural entry, because they were regarded as useful for power sites which ought not to be disposed of as agricultural lands, tracts amounting to about 4,000,000 acres. The withdrawals were hastily made and included a great deal of land that was not useful for power sites. They were intended to include the power sites on 29 rivers in 9 States. Since that time 3,475,442 acres of the original 4,000,000 have been restored to settlement because they do not contain power sites; and meantime there have been newly withdrawn 1,240,310 acres of vacant public land and 211,499 acres of entered public land, or a total of 1,451,809 acres. These withdrawals made from time to time cover all the power sites included in the first withdrawals, and many more, on 149 rivers and in 12 States. The disposition of these power sites involves one of the most difficult questions presented in carrying out practical conservation. The Forest Service, under a power found in the statute, has leased a number of these power sites in forest reserves by revocable leases, but no such power exists with respect to power sites that are not located within forest reserves, and the revocable system of leasing is, of course, not a satisfactory one for the purpose of inviting the capital needed to put in proper plants for the transmutation of power.

The statute of 1891 with its amendments permits the Secretary of the Interior to grant perpetual easements or rights of way from water sources over public lands for the primary purpose of irrigation and such electrical current as may be incidentally developed, but no grant can be made under this statute to concerns whose primary purpose is generating and handling electricity. The statute of 1901 authorizes the Secretary of the Interior to issue revocable permits over the public lands to electrical-power companies, but this statute is woefully inadequate because it does not authorize the collection of a charge or fix a term of years. Capital is slow to invest in an enterprise founded on a permit revocable at will.

The subject is one that calls for new legislation. It has been thought that there was danger of combination to obtain possession of all the power sites and to unite them under one control. Whatever the evidence of this, or lack of it, at present we have had enough experience to know that combination would be profitable, and the

control of a great number of power sites would enable the holders or owners to raise the price of power at will within certain sections; and the temptations would promptly attract investors, and the danger of monopoly would not be a remote one.

However this may be, it is the plain duty of the Government to see to it that in the utilization and development of all this immense amount of water power, conditions shall be imposed that will prevent monopoly, and will prevent extortionate charges, which are the accompaniment of monopoly. The difficulty of adjusting the matter is accentuated by the relation of the power sites to the water, the fall and flow of which create the power. In the States where these sites are the riparian owner does not control or own the power in the water which flows past his land. That power is under the control and within the grant of the State, and generally the rule is that the first user is entitled to the enjoyment. Now, the possession of the bank or water-power site over which the water is to be conveyed in order to make the power useful, gives to its owner an advantage and a certain kind of control over the use of the water power, and it is proposed that the Government in dealing with its own lands should use this advantage and lease lands for power sites to those who would develop the power, and impose conditions on the leasehold with reference to the reasonableness of the rates at which the power, when transmuted, is to be furnished to the public, and forbidding the union of the particular power with a combination of others made for the purpose of monopoly by forbidding assignment of the lease save by consent of the Government. Serious difficulties are anticipated by some in such an attempt on the part of the General Government, because of the sovereign control of the State over the water power in its natural condition and the mere proprietorship of the Government in the riparian lands. It is contended that through its mere proprietary right in the site the Central Government has no power to attempt to exercise police jurisdiction with reference to how the water power in a river owned and controlled by the State shall be used, and that it is a violation of the State's rights. I question the validity of this objection. The Government may impose any conditions that it chooses in its lease of its own property, even though it may have the same purpose, and in effect accomplish just what the State would accomplish by the exercise of its sovereignty. There are those (and the Director of the Geological Survey, Mr. Smith, who has given a great deal of attention to this matter, is one of them) who insist that this matter of transmuting water power into electricity, which can be conveyed all over the country and across State lines, is a matter that ought to be retained by the General Government, and that it should avail itself of the ownership of these power sites for the very purpose

of coordinating in one general plan the power generated from these government-owned sites.

On the other hand, it is contended that it would relieve a complicated situation if the control of the water-power site and the control of the water were vested in the same sovereignty and ownership, viz., the States, and then were disposed of for development to private lessees under the restrictions needed to preserve the interests of the public from the extortions and abuses of monopoly. Therefore, bills have been introduced in Congress providing that whenever the State authorities deem a water power useful they may apply to the Government of the United States for a grant to the State of the adjacent land for a water-power site, and that this grant from the Federal Government to the State shall contain a condition that the State shall never part with the title to the water-power site or the water power, but shall lease it only for a term of years not exceeding fifty, with provisions in the lease by which the rental and the rates for which the power is furnished to the public shall be readjusted at periods less than the term of the lease, say, every ten years. The argument is urged against this disposition of power sites that legislators and state authorities are more subject to corporate influence and control than would be the Central Government; in reply it is claimed that a readjustment of the terms of leasehold every ten years would secure to the public and the State just and equitable terms. Then it is said that the State authorities are better able to understand the local need and what is a fair adjustment in the particular locality than would be the authorities at Washington. It has been argued that after the Federal Government parts with title to a power site it can not control the action of the State in fulfilling the conditions of the deed, to which it is answered that in the grant from the Government there may be easily inserted a condition specifying the terms upon which the State may part with the temporary control of the water-power sites, and, indeed, the water power, and providing for a forfeiture of the title to the water-power sites in case the condition is not performed; and giving to the President, in case of such violation of conditions, the power to declare forfeiture and to direct proceedings to restore to the Central Government the ownership of the power sites with all the improvements thereon, and that these conditions could be promptly enforced and the land and plants forfeited to the General Government by suit of the United States against the State, which is permissible under the Constitution.

I do not express an opinion upon the controversy thus made or a preference as to the two methods of treating water-power sites. I submit the matter to Congress and urge that one or the other of the two plans be promptly adopted.

At the risk of wearying my audience I have attempted to state as succinctly as may be the questions of conservation as they apply to the public domain of the Government, the conditions to which they apply, and the proposed solution of them. In the outset I alluded to the fact that conservation had been made to include a great deal more than what I have discussed here. Of course, as I have referred only to the public domain of the Federal Government I have left untouched the wide field of conservation with respect to which a heavy responsibility rests upon the States and individuals as well. But I think it of the utmost importance that after the public attention has been roused to the necessity of a change in our general policy to prevent waste and a selfish appropriation to private and corporate purposes of what should be controlled for the public benefit, those who urge conservation shall feel the necessity of making clear how conservation can be practically carried out, and shall propose specific methods and legal provisions and regulations to remedy actual adverse conditions. I am bound to say that the time has come for a halt in general rhapsodies over conservation, making the word mean every known good in the world; for, after the public attention has been roused, such appeals are of doubtful utility and do not direct the public to the specific course that the people should take, or have their legislators take, in order to promote the cause of conservation. The rousing of emotions on a subject like this, which has only dim outlines in the minds of the people affected, after a while ceases to be useful, and the whole movement will, if promoted on these lines, die for want of practical direction and of demonstration to the people that practical reforms are intended.

I have referred to the course of the last administration and of the present one in making withdrawals of government lands from entry under homestead and other laws and of Congress in removing all doubt as to the validity of these withdrawals as a great step in the direction of practical conservation. But it is only one of two necessary steps to effect what should be our purpose. It has produced a status quo and prevented waste and irrevocable disposition of the lands until the method for their proper disposition can be formulated. But it is of the utmost importance that such withdrawals should not be regarded as the final step in the course of conservation, and that the idea should not be allowed to spread that conservation is the tying up of the natural resources of the Government for indefinite withholding from use and the remission to remote generations to decide what ought to be done with these means of promoting present general human comfort and progress. For, if so, it is certain to arouse the greatest opposition to conservation as a cause, and if it were the correct expression of the purpose of conservationists it ought to arouse

such opposition. Real conservation involves wise, nonwasteful use in the present generation, with every possible means of preservation for succeeding generations; and though the problem to secure this end may be difficult, the burden is on the present generation promptly to solve it and not to run away from it as cowards, lest in the attempt to meet it we may make some mistake. As I have said elsewhere, the problem is how to save and how to utilize, how to conserve and still develop; for no sane person can contend that it is for the common good that nature's blessings should be stored only for unborn generations.

I beg of you, therefore, in your deliberations and in your informal discussion, when men come forward to suggest evils that the promotion of conservation is to remedy, that you invite them to point out the specific evils and the specific remedies; that you invite them to come down to details in order that their discussions may flow into channels that shall be useful rather than into periods that shall be eloquent and entertaining, without shedding real light on the subject. The people should be shown exactly what is needed in order that they make their representatives in Congress and the state legislature do their intelligent bidding.

THE WHITE HOUSE, *December 21, 1910.*

To the Senate and House of Representatives:

The constitutional convention recently held in the Territory of New Mexico has submitted for acceptance or rejection the draft of a constitution to be voted upon by the voters of the proposed new State, which contains a clause purporting to fix the boundary line between New Mexico and Texas which may reasonably be construed to be different from the boundary lines heretofore legally run, marked, established, and ratified by the United States and the State of Texas, and under which claims might be set up and litigation instigated of an unnecessary and improper character. A joint resolution has been introduced in the House of Representatives for the purpose of authorizing the President of the United States and the State of Texas to mark the boundary lines between the State of Texas and the Territory or proposed State of New Mexico, or to reestablish and re-mark the boundary line heretofore established and marked; and to enact that any provision of the proposed constitution of New Mexico that in any way tends to annul or change the boundary lines between Texas and New Mexico shall be of no force or effect. I recommend the adoption of such joint resolution.

The act of June 5, 1858 (vol. 11, U. S. Stats., 310), "authorizing the President of the United States in conjunction with the State of Texas, to run and mark the boundary lines between the Territories of the United States and the State of Texas," under which a survey was made in 1859–60 by one John H. Clark, and in the act of Congress approved March 3, 1891 (vol. 26, U. S. Stats., 971), "the boundary line between said public land strip and Texas, and between Texas and New Mexico, established under the act of June fifth, eighteen hundred and fifty-eight, is hereby confirmed," and a joint resolution was passed by the Legislature of Texas and became a law March 25, 1891, "confirming the location of the boundary line established by the United States commission between No Man's Land and Texas, and Texas and New Mexico under the act of Congress of June 5, 1858." (Laws of Texas, 1891, p. 193, Resolutions.)

The Committee on Indian Affairs, in its report of May 2, 1910 (No. 1250, 61st Cong., 2d sess.), recommended a joint resolution in the fourth section of which appears the following:

Provided, That the part of a line run and marked by monument along the thirty-second parallel of north latitude, and that part of the line run and marked along the one hundred and third degree of longitude west of Greenwich, the same being the east and west and north and south lines between Texas and New Mexico, and run by authority of act of Congress approved June fifth, eighteen hundred and fifty-eight, and known as the Clark lines, and that part of the line along the parallel of thirty-six degrees and thirty minutes of north latitude, forming the north boundary line of the Panhandle of Texas, and which said parts of said lines have been confirmed by acts of Congress of March third, eighteen hundred and ninety-one, shall remain the true boundary lines of Texas and Oklahoma and the Territory of New Mexico: *Provided further*, That it shall be the duty of the commissioners appointed under this act to re-mark said old Clark monuments and lines where they can be found and identified.

The lines referred to in the paragraph above are the same as contained in the proposed joint resolution above referred to.

Under the act of Congress approved June 20, 1910, "An act to enable the people of New Mexico to form a constitution and State government and be admitted into the Union," etc. (vol. 36, U. S. Stats., 557), section 4 provides that when a constitution has been duly ratified by the people of New Mexico, a certified copy of the same shall be submitted to the President of the United States, and in section 5 it provides that after certain elections shall have been held and the result certified to the President of the United States, the President shall immediately issue his proclamation, upon which the proposed State of New Mexico shall be deemed admitted by Congress into the Union,

by virtue of said act of June 20, 1910. The required acts have not taken place and therefore to all intents and purposes the proposed State of New Mexico is still a Territory and under the control of Congress.

As the boundary line between Texas and New Mexico is established under the act of June 5, 1858, and confirmed by Congress under the act of March 3, 1891, and ratified by the State of Texas, March 25, 1891, and as the Territory of New Mexico has not up to the present time fulfilled all the requirements under the act of June 20, 1910, for admission to the Union, there is no reason why the joint resolution should not be adopted as above provided, and I recommend the adoption of such resolution for the purpose of conferring indisputable authority upon the President in conjunction with the State of Texas to reestablish and re-mark a boundary already established and confirmed by Congress and the State of Texas.

WILLIAM H. TAFT.

THE WHITE HOUSE, *January 5, 1911.*

To the Senate and House of Representatives:

The act of Congress approved June 17, 1902 (32 Stats., 388), set apart as a fund for the reclamation of arid lands the moneys received from the sales of public lands in certain of the States and Territories, excepting the 5 per cent. of the proceeds of such sales theretofore set aside by law for educational and other purposes. The receipts into the reclamation fund to June 30, 1909, were $58,439,408.93, and the estimated total receipts to June 30, 1910, are $65,714,179.06. The total amount accumulated in the fund to date is estimated at $69,449,058.76, of which all but $6,241,058.76 has been allotted to the several projects. On June 30, 1910, the net investment in reclamation works amounted to $53,781,302.88, of which $52,945,441.03 had on June 30, 1910, been expended in the following primary projects:

State	*Project*	*Net Investment*
Arizona	Salt River	$8,430,959.16
Arizona-California	Colorado River	44,201.97
California	Orland	378,603.11
Arizona-California	Yuma	3,781,355.19
Colorado	Grand Valley	73,110.38
Colorado	Uncompahgre	4,106,639.04
Idaho	Boise	3,373,292.30
Idaho	Minidoka	2,900,896.56
Idaho	Snake River storage	69,142.75

State	*Project*	*Net Investment*
Kansas	Garden City	378,316.07
Montana	Huntley	854,420.36
Montana	Milk River	519,387.23
Montana	St. Mary	265,874.03
Montana	Sun River	599,958.59
Montana-North Dakota	Lower Yellowstone	2,888,899.93
Nebraska-Wyoming	North Platte	4,609,476.50
Nevada	Truckee-Carson	3,975,976.42
New Mexico	Carlsbad	617,665.56
New Mexico	Hondo	346,024.76
New Mexico	Leasburg	193,418.82
New Mexico-Texas	Rio Grande	76,060.58
North Dakota	Buford-Trenton	278,294.40
North Dakota	Williston	528,171.31
Oklahoma	Cimarron	8,873.17
Oregon	Central Oregon	40,133.44
Oregon	Umatilla	1,155,983.22
Oregon-California	Klamath	1,830,600.39
South Dakota	Bellefourche	2,313,525.22
Utah	Strawberry Valley	913,177.91
Washington	Okanogan	538,281.41
Washington	Yakima	3,116,333.48
Wyoming	Shoshone	3,378,387.87
Total		$52,945,441.03

In addition there had been invested in secondary projects June 30, 1910, $587,390.71; in town site development, $10,955.49; in Indian irrigation, $198,704.21, and for general expenses, $38,811.44.

The reclamation act requires the return to the reclamation fund of the estimated cost of construction, and therefore entrymen and private land owners receiving water from such projects are required to contribute their proportion of the cost of construction, operation and maintenance of the projects wherein their lands are located. The total cash returns to the reclamation fund from water right building charges to June 30, 1910, were $902,822.25, and from water right operation and maintenance charges, $249,637.19. In addition there was to June 30, 1910, an additional revenue of $2,086,173.73 derived from sales of town lots, sales of water, leases of power, &c., which are under the law credited as a reduction of the cost of the project from which the receipts are derived. On June 30, 1910, the Government was prepared to supply water in reclamation projects to 876,684 acres of land, and the area of lands included in the projects now under construction amounts to over 3,100,000 acres. No new projects have been undertaken since March 4, 1909, the efforts of the Government having been directed toward the completion of the thirty primary projects heretofore undertaken.

The additions to the reclamation fund from the sales of public land, while approximating between six and seven million dollars per annum since 1902, were found to be insufficient for the completion of existing projects with such expedition as the necessities of the settlers and landowners within the projects undertaken seemed to require. I accordingly recommended the issuance of certificates of indebtedness or bonds against the reclamation fund. The act of June 25, 1910 (36 Stats., 835), which authorized the issuance of not exceeding $20,000,000 of certificates of indebtedness repayable out of the reclamation fund, made the appropriation subject to the conditions that it should be expended upon existing projects and their necessary extensions, and that no part of the same should be expended until after the projects had been examined and reported upon by a board of army engineer officers of the United States Army and approved by me as feasible, practicable and worthy. The board of engineers selected spent the summer in field examinations of the projects, and has submitted to me its report upon each of the projects, heretofore undertaken, together with recommendations as to the allotment of the proceeds of the certificates authorized to be issued. In addition, pursuant to my request the board has submitted its recommendations for the allotment of that part of the reclamation fund derived from the sales of public lands to supplement the $20,000,000 loan and to carry on worthy projects not participating in the distribution of the loan.

The report of the board is based not only upon its field examination of the various projects but upon information derived from personal conference with the field officers and employees of the reclamation service and data furnished by such officers and employees. In addition settlers, landowners and other parties interested in the projects were given an opportunity to be heard. The feasibility of the projects was considered from an engineering and economic standpoint, the board giving consideration to the character of the projects, whether international, interstate or intrastate, the relative amounts of public and private lands capable of irrigation, the money already expended, the necessity of completion of the projects in order to secure its return, the existing contracts or agreements with water users' associations and private individuals and the protection of water rights. The board also points out the importance of certain additional legislation authorizing the sale of surplus stored water and the modification of conditions of payments for water rights on certain projects which will otherwise fail of returning their cost to the reclamation fund. The Secretary of the Interior in his annual report to me has recommended similar legislation.

The board recommended the allotment of the $20,000,000 provided by the act of June 25, 1910, to the following named projects:

Salt River, Arizona	$495,000
Yuma, Arizona and California	1,200,000
Grand Valley, Colorado	1,000,000
Uncompahgre, Colorado	1,500,000
Payette-Boise, Idaho	2,000,000
Milk River, Montana	1,000,000
North Platte, Wyoming and Nebraska	2,000,000
Truckee-Carson, Nevada	1,193,000
Rio Grande, New Mexico, Texas and Mexico.	4,500,000
Umatilla, Oregon	325,000
Klamath, Oregon and California	600,000
Strawberry Valley, Utah	2,272,000
Sunnyside, Yakima, Washington	1,250,000
Tieton, Yakima, Washington	665,000
Total	$20,000,000

and that the interest on the loan as provided by said act be charged against the projects on the amounts contributed for their completion.

The recommendation of the board for the tentative allotment of the general reclamation fund among the various projects for the years 1911 to 1914 inclusive was as follows:

Yuma	$2,380,462
Grand Valley	500,000*
Uncompahgre	2,045,000
Minidoka	528,000
Payette-Boise	4,585,435
Huntley	110,000
Milk River	2,950,000
Sun River	3,278,000
Lower Yellowstone	578,000*
North Platte	2,185,000
Truckee-Carson	1,594,000
Rio Grande	1,855,000
Missouri Pumping	270,000*
Belle Fourche	480,000
Okanogan	13,000
Shoshone	2,000,000
Total	$25,351,897

* Conditional.

No allotments either from the loan or from the general reclamation fund were recommended for the following projects, except for necessary maintenance and operation:

Orland, Cal.; Garden City, Kan.; Kittitas, Wapato and Benton, Yakima project, Wash.; Carlsbad, N. M., and Hondo, N. M.

The last named projects are, with the exception of the Kittitas, Wapato and Benton units of the Yakima project, completed or nearly completed. With respect to the said three units of the Yakima project, the board recommended development of a general system of storage reservoirs for the Yakima Valley, provided Congress authorizes the sale of excess stored water, so that the return of the cost of building of reservoirs may be secured, but did not recommend any allotment of funds for the construction of reservoirs or canals specifically for the said units.

After careful consideration of the report of the board of engineers I approved the same, believing that it sets forth a plan for the distribution of the loan and of the available reclamation fund that from an engineering and economic standpoint will best secure the speedy completion of those projects which, because of their character, the needs of the settlers, treaty or interstate relations, protection of water rights and prompt return to the reclamation fund of the moneys invested should be given the preference in construction and completion over such projects, or parts of projects, which are more remote and may properly wait until a later date for construction or may secure water through private canals, in the event the Government is authorized to dispose of surplus water to the owners of such canals. My approval, however, is subject to the condition that the amounts allotted to the various projects may be adjusted and modified from time to time as is found necessary for the intelligent and proper prosecution of the work and the advantage of the service. I have authorized the Secretary of the Interior to call upon the Secretary of the Treasury from time to time, as the same are needed, for the funds provided for by the act of June 25, 1910, in accordance with the allotments recommended by the board and approved by me.

Pursuant to the recommendations of the Secretary of the Interior and of the board of army engineers I earnestly recommend the enactment of a law which will permit of the disposition of any surplus stored water available from reclamation projects to persons, associations or corporations operating systems for the delivery of water to individual water users for the irrigation of arid lands, and the enactment of legislation which will give executive authority for the modification of conditions of payment for water rights on certain of the projects where, by reason of local conditions, the return of the cost of the projects to the reclamation fund will not be secured unless settlers are permitted to make payments on terms or conditions other than those specified in the public notices heretofore issued. In this connection attention is directed to the provisions of Senate bill 6842 now pending. Attention is also directed to the other legislation pertaining to reclamation projects recommended by the Secretary of the Interior, which legislation would aid in the administration of the reclamation projects.

With the funds now at our disposal and the enactment of the additional legislation suggested it is hoped that the work upon the several projects for which allotments have been made may proceed to an early completion and that the settlers and water users upon the projects upon being furnished with water for the irrigation of their lands may be enabled to return to the Treasury the sums expended in the construction of the projects. In accordance with the requirements of section 2

of the reclamation act the Secretary of the Interior has already transmitted to Congress the ninth annual report of the Reclamation Service, and in order that Congress may be placed in possession of all the information at hand to date with reference to the reclamation projects and the estimated cost of their completion I transmit herewith for its further information a copy of the said report of the Board of Army Engineers.

WILLIAM H. TAFT.

SPECIAL MESSAGE ON CANADIAN RECIPROCITY.

THE WHITE HOUSE, January 26, 1911.

To the Senate and House of Representatives:

In my annual message of December 6, 1910, I stated that the policy of broader and closer trade relations with the Dominion of Canada, which was initiated in the adjustment of the maximum and minimum provisions of the tariff act of August 5, 1909, had proved mutually beneficial and that it justified further efforts for the readjustment of the commercial relations of the two countries. I also informed you that, by my direction, the Secretary of State had dispatched two representatives of the Department of State as special commissioners to Ottawa to confer with representatives of the Dominion Government, that they were authorized to take steps to formulate a reciprocal trade agreement, and that the Ottawa conferences thus begun, had been adjourned to be resumed in Washington.

On the 7th of the present month two cabinet ministers came to Washington as representatives of the Dominion Government, and the conferences were continued between them and the Secretary of State. The result of the negotiations was that on the 21st instant a reciprocal trade agreement was reached, the text of which is herewith transmitted with accompanying correspondence and other data.

One by one the controversies resulting from the uncertainties which attended the partition of British territory on the American Continent at the close of the Revolution, and which were inevitable under the then conditions, have been eliminated—some by arbitration and some by direct negotiation. The merits of these disputes, many of them extending through a century, need not now be reviewed. They related to the settlement of boundaries, the definition of rights of navigation, the interpretation of treaties, and many other subjects.

Through the friendly sentiments, the energetic efforts, and the broadly patriotic views of successive administrations, and especially of that of my immediate predecessor, all these questions have been settled. The most acute related to the Atlantic fisheries, and this long-standing controversy, after amicable negotiation, was referred to The Hague Tribunal. The judgment of that august international court has been accepted by the people of both countries and a satisfactory agreement in pursuance of the judgment has ended completely the controversy. An equitable arrangement has recently been reached between our Interstate Commerce Commission and the similar body in Canada in regard to through rates on the transportation lines between the two countries.

The path having been thus opened for the improvement of commercial relations, a reciprocal trade agreement is the logical sequence of all that has been accomplished in disposing of matters of a diplomatic and controversial character. The identity of interest of two peoples linked together by race, language, political institutions, and geographical proximity offers the foundation. The contribution to the industrial advancement of our own country by the migration across the boundary of the thrifty and industrious Canadians of English, Scotch, and French origin is now repaid by the movement of large numbers of our own sturdy farmers to the northwest of Canada, thus giving their labor, their means, and their experience to the development of that section, with its agricultural possibilities.

The guiding motive in seeking adjustment of trade relations between two countries so situated geographically should be to give play to productive forces as far as practicable, regardless of political boundaries. While equivalency should be sought in an arrangement of this character, an exact balance of financial gain is neither imperative nor attainable. No yardstick can measure the benefits to the two peoples of this freer commercial intercourse and no trade agreement should be judged wholly by custom house statistics.

We have reached a stage in our own development that calls for a statesmanlike and broad view of our future economic status and its requirements. We have drawn upon our natural resources in such a way as to invite attention to their necessary limit. This has properly aroused effort to conserve them, to avoid their waste, and to restrict their use to our necessities. We have so increased in population and in our consumption of food products and the other necessities of life, hitherto supplied largely from our own country, that unless we materially increase our production we can see before us a change in our economic position, from that of a country selling to the world food and natural products of the farm and forest, to one consuming and importing them. Excluding cotton, which is exceptional, a radical

change is already shown in our exports in the falling off in the amount of our agricultural products sold abroad and a corresponding marked increase in our manufactures exported. A farsighted policy requires that if we can enlarge our supply of natural resources, and especially of food products and the necessities of life, without substantial injury to any of our producing and manufacturing classes, we should take steps to do so now. We have on the north of us a country contiguous to ours for three thousand miles, with natural resources of the same character as ours which have not been drawn upon as ours have been, and in the development of which the conditions as to wages and character of the wage earner and transportation to market differ but little from those prevailing with us. The difference is not greater than it is between different States of our own country or between different Provinces of the Dominion of Canada. Ought we not, then, to arrange a commercial agreement with Canada, if we can, by which we shall have direct access to her great supply of natural products without an obstructing or prohibitory tariff? This is not a violation of the protective principle, as that has been authoritatively announced by those who uphold it, because that principle does not call for a tariff between this country and one whose conditions as to production, population, and wages are so like ours, and when our common boundary line of three thousand miles in itself must make a radical distinction between our commercial treatment of Canada and of any other country.

The Dominion has greatly prospered. It has an active, aggressive, and intelligent people. They are coming to the parting of the ways. They must soon decide whether they are to regard themselves as isolated permanently from our markets by a perpetual wall or whether we are to be commercial friends. If we give them reason to take the former view, can we complain if they adopt methods denying access to certain of their natural resources except upon conditions quite unfavorable to us? A notable instance of such a possibility may be seen in the conditions surrounding the supply of pulp wood and the manufacture of print paper, for which we have made a conditional provision in the agreement, believed to be equitable. Should we not now, therefore, before their policy has become too crystallized and fixed for change, meet them in a spirit of real concession, facilitate commerce between the two countries, and thus greatly increase the natural resources available to our people?

I do not wish to hold out the prospect that the unrestricted interchange of food products will greatly and at once reduce their cost to the people of this country. Moreover, the present small amount of Canadian surplus for export as compared with that of our own production and consumption would make the reduction gradual. Excluding the element of transportation, the price of staple food products,

especially of cereals, is much the same the world over, and the recent increase in price has been the result of a world-wide cause. But a source of supply as near as Canada would certainly help to prevent speculative fluctuations, would steady local price movements, and would postpone the effect of a further world increase in the price of leading commodities entering into the cost of living, if that be inevitable.

In the reciprocal trade agreement numerous additions are made to the free list. These include not only food commodities, such as cattle, fish, wheat and other grains, fresh vegetables, fruits, and dairy products, but also rough lumber and raw materials useful to our own industries. Free lumber we ought to have. By giving our people access to Canadian forests we shall reduce the consumption of our own, which, in the hands of comparatively few owners, now have a value that requires the enlargement of our available timber resources.

Natural, and especially food, products being placed on the free list, the logical development of a policy of reciprocity in rates on secondary food products, or foodstuffs partly manufactured, is, where they cannot also be entirely exempted from duty, to lower the duties in accord with the exemption of the raw material from duty. This has been followed in the trade agreement which has been negotiated. As an example, wheat is made free and the rate on flour is equalized on a lower basis. In the same way, live animals being made free, the duties on fresh meats and on secondary meat products and on canned meats are substantially lowered. Fresh fruits and vegetables being placed on the free list, the duties on canned goods of these classes are reduced.

Both countries in their industrial development have to meet the competition of lower priced labor in other parts of the world. Both follow the policy of encouraging the development of home industries by protective duties within reasonable limits. This has made it difficult to extend the principle of reciprocal rates to many manufactured commodities, but after much negotiation and effort we have succeeded in doing so in various and important instances.

The benefit to our widespread agricultural implement industry from the reduction of Canadian duties in the agreement is clear. Similarly the new, widely distributed and expanding motor vehicle industry of the United States is given access to the Dominion market on advantageous terms.

My purpose in making a reciprocal trade agreement with Canada has been not only to obtain one which would be mutually advantageous to both countries, but one which also would be truly national in its scope as applied to our own country and would be of benefit to all sections. The currents of business and the transportation facilities that will be established forward and back across the border cannot but

inure to the benefit of the boundary States. Some readjustments may be needed, but in a very short period the advantage of the free commercial exchange between communities separated only by short distances will strikingly manifest itself. That the broadening of the sources of food supplies, that the opening of the timber resources of the Dominion to our needs, that the addition to the supply of raw materials, will be limited to no particular section does not require demonstration. The same observation applies to the markets which the Dominion offers us in exchange. As an illustration, it has been found possible to obtain free entry into Canada for fresh fruits and vegetables—a matter of special value to the South and to the Pacific coast in disposing of their products in their season. It also has been practicable to obtain free entry for the cottonseed oil of the South—a most important product with a rapidly expanding consumption in the Dominion.

The entire foreign trade of Canada in the last fiscal year, 1910, was $655,000,000. The imports were $376,000,000, and of this amount the United States contributed more than $223,000,000. The reduction in the duties imposed by Canada will largely increase this amount and give us even a larger share of her market than we now enjoy, great as that is.

The data accompanying the text of the trade agreement exhibit in detail the facts which are here set forth briefly and in outline only. They furnish full information on which the legislation recommended may be based. Action on the agreement submitted will not interfere with such revision of our own tariff on imports from all countries as Congress may decide to adopt.

Reciprocity with Canada must necessarily be chiefly confined in its effect on the cost of living to food and forest products. The question of the cost of clothing as affected by duty on textiles and their raw materials, so much mooted, is not within the scope of an agreement with Canada, because she raises comparatively few wool sheep, and her textile manufactures are unimportant.

This trade agreement, if entered into, will cement the friendly relations with the Dominion which have resulted from the satisfactory settlement of the controversies that have lasted for a century, and further promote good feeling between kindred peoples. It will extend the market for numerous products of the United States among the inhabitants of a prosperous neighboring country with an increasing population and an increasing purchasing power. It will deepen and widen the sources of food supply in contiguous territory, and will facilitate the movement and distribution of these foodstuffs.

The geographical proximity, the closer relation of blood, common sympathies, and identical moral and social ideas furnish very real and

striking reasons why this agreement ought to be viewed from a high plane.

Since becoming a nation, Canada has been our good neighbor, immediately contiguous across a wide continent without artificial or natural barrier except navigable waters used in common.

She has cost us nothing in the way of preparations for defense against her possible assault, and she never will. She has sought to agree with us quickly when differences have disturbed our relations. She shares with us common traditions and aspirations. I feel I have correctly interpreted the wish of the American people by expressing, in the arrangement now submitted to Congress for its approval, their desire for a more intimate and cordial relationship with Canada. I therefore earnestly hope that the measure will be promptly enacted into law.

WILLIAM H. TAFT.

PROCLAMATION OF MARCH 4, 1911.

[Convening extra session of Congress on April 4, 1911, to consider the Canadian-American reciprocal tariff agreement.]

WHEREAS, by the special message dated January 26, 1911, there was transmitted to the Senate, and the House of Representatives an agreement between the Department of State and the Canadian Government in regard to reciprocal tariff legislation, together with an earnest recommendation that the necessary legislation be promptly adopted; and

WHEREAS, a bill to carry into effect said agreement has passed the House of Representatives, but has failed to reach a vote in the Senate; and

WHEREAS, the agreement stipulates not only that "the President of the United States will communicate to Congress the conclusions now reached and recommend the adoption of such legislation as may be necessary on the part of the United States to give effect to the proposed arrangement," but also that "the Governments of the two countries will use their utmost efforts to bring about such changes by concurrent legislation at Washington and at Ottawa":

NOW, THEREFORE, I, William Howard Taft, President of the United States of America, by virtue of the power vested in me by the Constitution, do hereby proclaim and declare that an extraordinary occasion requires the convening of both Houses of the Congress of the United States at their respective chambers in the city of Washington

on the 4th day of April, 1911, at 12 o'clock noon, to the end that they may consider and determine whether the Congress shall, by the necessary legislation, make operative the agreement.

All persons entitled to act as Members of the Sixty-second Congress are required to take notice of this proclamation.

Given under my hand and the seal of the United States at Washington the 4th day of March, A.D. 1911, and of the independence of the United States the one hundred and thirty-fifth.

[SEAL.]

WILLIAM H. TAFT.

By the President:

P. C. KNOX, *Secretary of State.*

SPECIAL MESSAGE.

[Directing attention of Congress to the reciprocal tariff agreement between the Dominion of Canada and the United States.]

THE WHITE HOUSE, *April 5, 1911.*

To the Senate and House of Representatives:

I transmitted to the Sixty-first Congress on January 26th last the text of the reciprocal trade agreement which had been negotiated, under my direction, by the Secretary of State with the representatives of the Dominion of Canada. This agreement was the consummation of earnest efforts, extending over a period of nearly a year, on the part of both governments to effect a trade arrangement which, supplementing as it did the amicable settlement of various questions of a diplomatic and political character that had been reached, would mutually promote commerce and would strengthen the friendly relations now existing.

The agreement in its intent and in its terms was purely economic and commercial. While the general subject was under discussion by the commissioners, I felt assured that the sentiment of the people of the United States was such that they would welcome a measure which would result in the increase of trade on both sides of the boundary line, would open up the reserve productive resources of Canada to the great mass of our own consumers on advantageous conditions, and at the same time offer a broader outlet for the excess products of our farms and many of our industries. Details regarding a negotiation of this kind necessarily could not be made public while the conferences were pending. When, however, the full text of the agreement, with the accompanying correspondence and data explaining both its purpose

and its scope, became known to the people through the message transmitted to Congress, it was immediately apparent that the ripened fruits of the careful labors of the commissioners met with widespread approval. This approval has been strengthened by further consideration of the terms of the agreement in all their particulars. The volume of support which has developed shows that its broadly national scope is fully appreciated and is responsive to the popular will.

The House of Representatives of the Sixty-first Congress, after the full text of the arrangement with all the details in regard to the different provisions had been before it, as they were before the American people, passed a bill confirming the agreement as negotiated and as transmitted to Congress. This measure failed of action in the Senate.

In my transmitting message of the 26th of January I fully set forth the character of the agreement and emphasized its appropriateness and necessity as a response to the mutual needs of the people of the two countries as well as its common advantages. I now lay that message, and the reciprocal trade agreement as integrally part of the present message, before the Sixty-second Congress and again invite earnest attention to the considerations therein expressed.

I am constrained, in deference to popular sentiment and with a realizing sense of my duty to the great masses of our people whose welfare is involved, to urge upon your consideration early action on this agreement. In concluding the negotiations, the representatives of the two countries bound themselves to use their utmost efforts to bring about the tariff changes provided for in the agreement by concurrent legislation at Washington and Ottawa. I have felt it my duty, therefore, not to acquiesce in relegation of action until the opening of the Congress in December, but to use my constitutional prerogative and convoke the Sixty-second Congress in extra session in order that there shall be no break of continuity in considering and acting upon this most important subject.

WILLIAM H. TAFT.

SPEECH OF PRESIDENT TAFT

ON THE

RECIPROCAL TARIFF AGREEMENT WITH CANADA

Delivered in New York, on April 27, 1911

The treaty provides for free trade in all agricultural products, and in rough lumber down to the point of planing. It reduces the duties on secondary food products by a very substantial percentage, and it

makes such reductions on a number of manufactured articles that those engaged in making them have assured us that the reductions will substantially increase the already large Canadian demand for them.

We tendered to the Canadian commissioners absolutely free trade in all products of either country, manufactured or natural, but the Canadian commissioners did not feel justified in going so far. It is only reasonable to infer, therefore, that with respect to those articles upon which they refused free trade to us they felt that the profitable price at which they could be sold by our manufacturers in Canada was less than the price at which their manufacturers could afford to sell the same either to their own people or to us. Hence it follows that their refusal to agree to free trade in these articles, as we proposed, is the strongest kind of evidence that if we should take off the existing duty from such articles coming into the United States it would not affect in the slightest degree the price at which those articles could be furnished to the public here. In other words, the proposition to put on the free list for entrance into the United States all articles that Canada has declined to make free in both countries would not lower the price to the consumer here. Thus the reason why meats were not put on the free list in this Canadian agreement was because Canada felt that the competition of our packers would injuriously affect the products of their packing houses. If that be true, how would it help our consumer or lower the price of meat in our markets if we let their meat in free while they retained a duty on our meat?

The same thing is true of flour. They would not consent to free trade in flour, because they knew that our flour mills could undersell their millers. If that were so, then how much competition and lowering of the price of flour could we expect from putting Canadian flour on the free list?

And yet gentlemen insist that the farmer has been unjustly treated because we have not put Canadian flour and meat on the free list. And it is proposed to satisfy the supposed grievance of the farmers by now doing so, without any compensating concession from Canada. This proposal would be legislation passed for political-platform uses, without accomplishing any real good.

In another aspect, however, the effect of the proposal might be serious. Of course a mere reduction of our tariff, or the putting of any article on our free list, without insisting on a corresponding change in the Canadian tariff, will not interfere with the contract as made with Canada. Canada cannot object to our giving her greater tariff concessions than we have agreed to give her under the contract. But if we do make such concessions, without any consideration on the part of Canada, without any *quid pro quo,* so to speak, after the contract has been tentatively agreed upon by those authorized to make con-

THE WASHINGTON MONUMENT

AN APPRECIATION BY MR. GLENN BROWN

Architect; Author, "History of United States Capitol"

GRAY in the dawn, brilliant in the sunlight, black in the thunder-storm, pink in the afterglow, mysterious in the moonlight, vanishing in the mist, lost in the clouds, always majestic, stands the memorial to the Father of his Country.

Its phases forcibly remind us of the shifting and changing fortunes of our great chief. Standing alone, simple and dignified, it is as self-contained and practical as was his character and life. Enshrouded in the mists, shadowy, weird, vanishing from sight, a mere suggestion of an outline visible, it recalls the clouded reputation of Washington when surrounded by foes, false comrades, and encompassed by the fierce elements. Black in the thunder-storm, it brings to mind dark days and bridled passions. Apparently floating in the air when the base is obscured by the fog, it suggests his struggles without reasonable foundation or hope. Brilliantly illuminated at its base and the pinnacle lost in the clouds, it typifies great victories with the ultimate results in doubt. Piercing the shifting clouds as they float past, with the base and crown illuminated by the sunlight, it vividly recalls the force which enabled him to penetrate the darkest shadows. Reflecting the pink blush of the evening glow, it points to the brightness dawning as his life advanced. A column of light in the moon's rays, it is a beacon leading us, as did his life, to forget self in our country's service. Glorious in the sunshine, scintillating, brilliant against the clear blue sky, it forcibly reminds us of the great results springing from an unselfish life of duty.

The aluminum crest sparkles as a beautiful star; its rays are beams of light guiding us to patriotic efforts.

A factor in the artistic composition of the city, it is a charming end to many vistas. Viewed from the Capitol, the White House and the Mall, it stands imposing in its grandeur; from the river it rises pure and simple, with the green hills of Maryland as a noble exhedra, and from the heights, visible through the valley, it always produces a thrill of pleasure. In the sunlight and shadow, thunder-storm and mist, in the clouds and in the clear sky, against the golden sunrise and the red sunset, against the midday sky of blue, and the midnight sky scintillating with stars, against the bright white clouds and the dark gray clouds, moving with the wind, bowing to the warmth of the sun, receiving the lightning's stroke, ever changing, it is always stately, always beautiful.

The corner-stone of the Washington Monument was laid July 4, 1848, but soon the work languished and then stopped entirely. Work was resumed in 1876, and the monument was finally completed December 6, 1884. It is 555 feet high and 50 feet square at the base. The entire cost of the monument was $1,187,710.

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NATIONAL LITERATURE AND ART

Washington Monument

tion of a very small part of the acreage of Canada, in Ontario, it is not possible to raise corn at all in the Dominion.

With respect to wheat and barley and oats, conditions differ in different parts of Canada and in different parts of the United States. Classing them together, and on the whole, the conditions are substantially the same. In prices of farm land the differences are no greater between Canada and the United States than between the different states in the United States. In the matter of farm wages, they differ in different parts of Canada as they do in the United States; but, on the whole, they are about the same—higher in Canada at some places than in the United States and less at others. But there is no pauper class of labor in either country, and the only difference between the two countries is that Canada is farther north than the United States, a difference which, as already said, gives the advantage agriculturally to our side of the border.

It is said that this is an agreement that affects agricultural products more than manufactures. That is true; but if we are to have an interchange of products between the two countries of any substantial amount the chief part of it must necessarily be in agricultural products. As it is we export to Canada more agricultural products than we receive from her, and so it will be afterwards. The effect is not going to lower, in my judgment, the specific prices of agricultural products in our country. It is going to steady them; it is going to reduce the rapid fluctuations, and it is going to produce an interchange of products at a profit which will be beneficial to both countries.

If objection can be made to the treaty on the ground that a particular class derive less benefit from it than other classes, then it is the manufacturer of the country who ought to object, because the treaty, in its nature, will not enlarge his market as much as it will that of the farmer.

I am quite aware that, from one motive or another, a great deal of effort and money have been spent in sending circulars to farmers to convince them that this Canadian treaty, if adopted, will do them injury. I do not know that it is possible to allay such fears by argument, pending the consideration of the treaty by the Senate. It usually takes a considerable time by argument to clarify erroneous economic views of this kind having no foundation in fact, but only in fear, stimulated by misrepresentation and exaggeration. But there is one way —and that a conclusive way—of demonstrating the fallacy and unfounded character of their fears to the farmers, or any other class that believes itself to be unjustly affected by this treaty, and that is to try it on. There is no obligation on either nation to continue the reciprocity arrangement any longer than it desires, and if it be found by actual practice that there is an injury, and a permanent injury, to

the farmers of this country, everybody knows that they can sufficiently control legislation to bring about a change and a return to the old conditions. Those of us who are responsible for the Canadian treaty are willing and anxious to subject it to that kind of a test, and we have no doubt that when it is put in operation the ghosts which have been exhibited to frighten the agricultural classes will be laid forever.

Another and a very conclusive reason for closing the contract is the opportunity which it gives us to increase the supply of our natural resources which, with the wastefulness of children, we have wantonly exhausted. The timber resources of Canada, which will open themselves to us inevitably under the operation of this agreement, are now apparently inexhaustible. I say "apparently inexhaustible," for if the same procedure were to be adopted in respect to them that we have followed in respect to our own forests I presume that they, too, might be exhausted. But fortunately for Canada and for us we and they have learned much more than we realized two decades ago with respect to the necessity for proper methods of forestry and of lumber cutting. Hence, we may be safe in saying that under proper modern methods the timber resources open to us in Canada may be made inexhaustible and we may derive ample supplies of timber from Canadian sources, to the profit of Canada and for our own benefit.

There are other natural resources, which I need not stop to enumerate, that will become available to us as if our own if we adopt and maintain commercial union with Canada; and this is one of the chief reasons that ought to commend the Canadian agreement to the farseeing statesmanship of leaders of American public opinion.

But there are other, even broader, grounds than this that should lead to the adoption of the agreement. Canada's superficial area is greater than that of the United States between the oceans. Of course it has a good deal of waste land in the far north, but it has enormous tracts of unoccupied land, or land settled so sparsely as to be substantially unoccupied, which in the next two or three decades will rapidly acquire a substantial and valuable population. The Government is one entirely controlled by the people, and the bond uniting the Dominion with the mother country is light and almost imperceptible. There are no restrictions upon the trade or economic development of Canada which will interfere in the slightest with her carving out her independent future. The attitude of the people is that of affection toward the mother country, and of a sentimental loyalty toward her royal head. But for practical purposes the control exercised from England by Executive or Parliament is imponderable.

Canada has now between seven and eight millions of people. They are a hardy, temperate, persistent race, brave, intelligent, and enter-

prising, sharing or inheriting the good qualities of all their ancestors, and with a national pride in their Dominion that grows with the wonderful success and prosperity that have attended them in the last three decades. They are good neighbors; we could not have better neighbors. It is more than a hundred years since a hostile shot was fired across the border, and they are like us because our conditions are similar and because our traditions are similar.

They are more restrictive in their immigration laws than we, and perhaps they grow less rapidly; but they have before them a wonderful expansion in population, in agriculture, and in business, and they offer to any nation with whom they have sympathetic relations, and with whom it is profitable for them to deal, a constantly increasing market and an ever-expanding trade.

The question which we now have to answer is whether we propose to maintain an artificial wall across the country of 3,700 miles in length and of indefinite height to prevent the natural trade that would flow between two great nations of people of the same language, of similar character, tradition, business habits, and moral aspirations, when the removal of that wall would furnish to each country the economic advantage of its corresponding enlargement of prosperous population and territory without the added responsibility of government and political control.

The theory that trade is not profitable to one party unless it is done at a loss to the other party is at the bottom of a great deal of the economic fallacies of the past and the present. Trade is mutually beneficial. It is profitable to both parties, for if it is not it cannot and ought not continue. As between Canada and the United States, the trade and the mutual benefit from the trade will increase.

It is amusing—and I am not sure that it has not some elements of consolation in it—to find that all the buncombe and all of the exaggeration and misrepresentation in politics and all of the political ghosts are not confined to our own country, and that there has entered into the discussion in Canada, as a reason for defeating the adoption of this contract by the Canadian Parliament, a fear that we desire to annex the Dominion; and the dreams of Americans with irresponsible imaginations, who like to talk of the starry flag's floating from Panama to the Pole, are exhibited by the opponents of the Canadian treaty in Canada as the declaration of a real policy by this country and as an announcement of our purpose to push political control over our neighbor of the North.

I am not an anti-imperialist, but I have had considerable experience in the countries over which we have assumed temporary control. I do not know when that control will end, but I do know that in respect to

those countries we have taken over heavy duties and obligations, the weight of which ought to destroy any temptation to further acquisition of territory.

It would be invidious to institute a comparison between the Government of Canada and this country, but there is one part of our jurisdiction and that of Canada that come together sufficiently close to enable the Canadians and ourselves to realize that the sample of government that we exhibit is not alluring. I refer to the control of Alaska as compared with the control by Canada of her northwest territory. The talk of annexation is bosh. Everyone who knows anything about it realizes that it is bosh. Canada is a great, strong youth, anxious to test his muscles, rejoicing in the race he is ready to run. The United States has all it can attend to with the territory it is now governing, and to make the possibility of the annexation of Canada to the United States a basis for objection to any steps toward their greater economic and commercial union should be treated as one of the jokes of the platform, and should not enter into the consideration of serious men engaged in solving a serious problem.

Why should we not have a closer union with Canada? Think of the absurdity of separating Manitoba and Minneapolis by as great a distance as Manitoba and Liverpool when certainly Providence intended that their separation, socially and commercially, should only be that of their geographical distance. Canadians have furnished us a large number of our best citizens. We are giving them a large number of the pick of our young farmers. Let us open the gateways between us. Let us give to both countries the profit of the trade that God intended between us. Let the political governments remain as they are. Let us abolish arbitrary and artificial obstructions to our association with our friends upon the North and derive the mutual profit that it will certainly bring.

The Canadian contract has passed the House substantially as adopted and in such form that, if adopted in the same way by the Senate, it will go into effect as soon as the bill now pending in the Canadian Parliament shall be passed by that Parliament.

I desire to express my high appreciation of the manner in which the present House of Representatives have treated the reciprocity agreement. It has not "played politics." It has taken the statesmanlike course in respect to it.

I am very hopeful that the Senate will treat the agreement in the same way and that no amendments will there be added to the bill. For the reasons given, I think they are dangerous. It is not for me to question the good faith of those who propose to introduce and adopt them, but it is appropriate to say that the use of amendments is a very common method of defeating legislation when the responsibility for

its defeat is one that the movers of such amendments do not desire openly to assume.

It may be that the Canadian contract does not go far enough. In making it we were limited by the reluctance of Canada to go as far as we would wish to have her go, but the fact that it does not go far enough is the poorest reason for not going as far as we can. We were making a contract, we were balancing considerations; we were not making a general tariff law or a general tariff revision. It was no part of our duty to reduce the tariff generally in this contract with other countries. If that is to be done, and if there is a sincere desire to have it done, then it ought to be done by separate legislation, and the passage of the present agreement, which I regard as epoch making in the commercial relations between the two countries, should not be endangered by making its passage conditioned on the passage of tariff revision or other legislation having no real relevancy to the contract.

I appeal to this company, representing as it does the press of the United States, to see to it that it is made clear to the public that this contract ought to stand or fall by its own terms, and that its passage or defeat ought not to be affected in any regard by other amendments to the tariff law. Such a method is a recurrence to the old way of making a tariff bill, which has been properly criticized and condemned, by which its passage is secured not on the merits of particular schedules, but by the support that may be secured in the House or Senate through giving a tariff on particular products of particular localities.

I think there is a general sentiment now in favor of revising the tariff, schedule by schedule, and of making this revision dependent on exact information as to each schedule, gathered by impartial investigators. To amend this Canadian contract and to make its passage dependent on other tariff legislation is to continue the old method of tariff revision characterized, not without reason, as a local issue.

I have said that this was a critical time in the solution of the question of reciprocity. It is critical, because, unless it is now decided favorably to reciprocity, it is exceedingly probable that no such opportunity will ever again come to the United States. The forces which are at work in England and in Canada to separate her by a Chinese wall from the United States and to make her part of an imperial commercial band, reaching from England around the world to England again, by a system of preferential tariffs, will derive an impetus from the rejection of this treaty, and if we would have reciprocity with all the advantages that I have described, and that I earnestly and sincerely believe will follow its adoption, we must take it now or give it up forever.

SPECIAL MESSAGE.

[Recommending legislative action for the suppression of the opium evil.]

THE WHITE HOUSE, *January 11, 1911.*

To the Senate and House of Representatives:

In my annual message, transmitted to the Congress on December 7, 1909, I referred to the International Opium Commission as follows:

> The results of the opium commission, held at Shanghai last spring at the invitation of the United States, have been laid before the Government. The report shows that China is making remarkable progress and admirable efforts toward the eradication of the opium evil, and that the Governments concerned have not allowed their commercial interests to interfere with a helpful co-operation in this reform. Collateral investigations of the opium question in this country lead me to recommend that the manufacture, sale, and use of opium and its derivatives in the United States should be, so far as possible, more rigorously controlled by legislation.

Since making that recommendation, I transmitted to the Congress on February 21, 1910, a report on the International Opium Commission and on the opium problem as seen within the United States and its possessions, prepared on behalf of the American delegates to the commission, and I gave my approval to the recommendations made in a covering letter from the Secretary of State regarding an appropriation and the necessity for Federal legislation for the control of foreign and interstate traffic in certain menacing drugs, and requested that action should be taken accordingly.

The Congress has so far acted on the recommendations as to appropriate $25,000 to enable the Government to continue its efforts to mitigate, if not entirely stamp out, the opium evil through the proposed international opium conference and otherwise to further investigation and procedure.

I now transmit a further report from the Secretary of State giving cogent reasons why the opium-exclusion act of February 9, 1909, should be made more effective by amendments that will prohibit any vessel engaged in trade from any foreign port or place to any place within the jurisdiction of the United States, including the territorial waters thereof, or between places within the jurisdiction of the United States, from carrying opium prepared for smoking, and that would make it unlawful to export, or cause to be exported from the United States and from Territories under its control or jurisdiction or from

countries in which the United States exercises extraterritorial rights where such exportation from such countries is made by persons owing permanent allegiance to the United States, any opium or cocaine, or any derivatives or preparations of opium or cocaine, to any country which prohibits or regulates their entry, unless the exporter conforms to the regulations of the regulating country.

The Secretary of State further points out a defect in the opium-exclusion act of February 9, 1909, in that smoking opium may be manufactured in the United States from domestically produced opium, and the pressing necessity for remedying that defect by an amendment to the internal-revenue act of October 1, 1890, that would place a prohibitive revenue tax on all such opium manufactured within the jurisdiction of the United States from the domestically produced material; and he further urges the enactment of legislation which will control the importation, manufacture, and distribution in interstate commerce of opium, morphine, cocaine, and other habit-forming drugs.

I concur in the recommendations made by the Secretary of State and commend them to the favorable consideration of the Congress with a view to early legislation on the subject.

WILLIAM H. TAFT.

[NOTE: With this message was transmitted a report by the Secretary of State reviewing the progress of the international crusade against the opium evil (a subject that is covered on page 7850), dwelling on the prominent part the United States has taken by initiating the movement, and urging that before the international delegates meet at the Hague to write the findings of the conference into international law the Federal statutes should be so amended as to put our own house in order. "Since 1860," reads the report, "there has been a 351% increase in the importations and use of all forms of opium, as against a 133% increase in population." Germany has a population of 60,000,000, and consumes 17,000 pounds of opium; Italy, with 33,000,000 people, consumes 6,000 pounds; Austria-Hungary, with 46,000,000 people, consumes 4,000 pounds of the drug. The United States during the last ten years has imported annually over 400,000 pounds, or eight times as much per head as Germany. The American people need for medicinal purposes less than 50,000 pounds of opium; it is estimated that at least 320,000 pounds annually are used for debauchery.

To meet this serious condition the Secretary proposed that the act of 1909, which excludes all but medicinal opium, be amended by (1) a provision forbidding any vessel trading in waters under American jurisdiction to carry the drug; (2) a provision, aimed at the manufacturers of American-grown opium, prohibiting the exportation of the drug from United States jurisdiction to any country which has barred the importation of the drug; and (3) an internal revenue tax on smoking opium so heavy that the domestic business will be exterminated.

The Secretary concluded by stating that even such amendments will fail to wipe out the evil unless Congress will so regulate the domestic manufacture of, and interstate traffic in, opium, as to force the whole process into the light of day. He strongly recommended the passage of a bill which shall require all importers, exporters, producers and manufacturers of opium and other habit-forming drugs to register their names and places of business with the internal revenue collector and to keep such records and render such reports as the Treasury Department shall prescribe; prohibit the conveyance of the drugs through interstate commerce to any person not so registered; and make it a crime to handle drugs not stamped by the internal revenue authorities.]

SPECIAL MESSAGE.

[Recommending approval by Congress of Constitution of New Mexico.]

THE WHITE HOUSE, *February 24, 1911.*

To the Senate and House of Representatives:

The act to enable the people of New Mexico to form a constitution and State government and be admitted into the Union on an equal footing with the original States, etc., passed June 20, 1910, provides that when the constitution, for the adoption of which provision is made in the act, shall have been duly ratified by the people of New Mexico in the manner provided in the statute, a certified copy of the same will be submitted to the President of the United States and to Congress for approval, and that if Congress and the President approve of such constitution, or if the President approve the same and Congress fails to disapprove the same during the next regular session thereof, then that the President shall certify said facts to the governor of New Mexico, who shall proceed to issue his proclamation for the election of State and county officers, etc.

The constitution prepared in accordance with the act of Congress has been duly ratified by the people of New Mexico, and a certified copy of the same has been submitted to me and also to the Congress for approval, in conformity with the provisions of the act. Inasmuch as the enabling act requires affirmative action by the President, I transmit herewith a copy of the constitution, which, I am advised, has also been separately submitted to Congress, according to the provisions of the act, by the authorities of New Mexico, and to which I have given my formal approval.

I recommend the approval of the same by the Congress.

WILLIAM H. TAFT.

SPECIAL MESSAGE.

[Explaining assistance given shipbuilders by State Department in contest for contract to construct Argentine battleships.]

THE WHITE HOUSE, *April 5, 1911.*

To the Senate:

I transmit herewith the answer of the Secretary of State to the resolution passed by the Senate of the United States on February 27, 1911, relating to the construction and armament in this country of two battleships for the Argentine Republic.

WILLIAM H. TAFT.

[NOTE: This Message was accompanied by a report from the Secretary of State explaining that his Department's strenuous efforts to procure equal opportunity for American shipbuilders in the competition for the contract to construct two Argentine battleships was a direct consequence of the appropriation of $100,000 by Congress for the purpose of enabling the Department to render greater assistance to manufacturers in their efforts to obtain international business.

"This was the first time," reads the report, "that American shipbuilders and ordnance manufacturers had ventured into competition with the naval constructors of the world, who were favored . . . by the prestige of long-established international relations and experience. . . . American industry labored under the added disadvantage of isolation," the negotiations taking place at London and Buenos Aires, "while their competitors enjoyed all the powerful aid incident to . . . large colonies and great masses of invested capital" in Argentina. The Secretary regarded the final awarding of the contracts to American shipbuilders as a good augury for the commercial expansion of the future, and no inconsiderable achievement of diplomacy.]

SPECIAL MESSAGE.

[Explaining the Administration's reasons for eliminating from the Chugach National Forest of Alaska 12,800 acres of land fronting on Controller Bay.]

THE WHITE HOUSE, *July 26, 1911.*

To the Senate of the United States:

On June 27th last, your honorable body adopted the following resolution:

Resolved, That the President of the United States be, and he is hereby, requested to transmit to the Senate of the United States copies of all letters, maps, executive or departmental orders or instructions, surveys, also applications to enter land, or for rights of way for railroads or otherwise, and all other official reports, recommendations, documents, or records in the Depart-

ments of War, Interior, and Agriculture, or by any of the officials or bureaus of these departments, not included in the report of the Secretary of the Interior of April 26, 1911, printed as Senate Document No. 12, Sixty-second Congress, first session, relating in any way to the elimination from the Chugach National Forest, in Alaska, of land fronting upon Controller Bay, approximating 12,800 acres; especially referring to such papers, documents, etc., as relate to the applications of the Controller Railroad & Navigation Co. for rights of way or confirmation of its maps of rights of way or harbor rights or privileges in or near to the said Controller Bay, or upon the Chugach National Forest, or upon lands eliminated therefrom, or upon the tide lands or shore lands of the said Controller Bay, with such information, if any, as is in the possession of the War Department, relating to the character of Controller Bay as a harbor, its soundings, and a designation of those portions of the harbor which are available for the use of deep-water vessels.

Also, to include in the report hereby requested the names of the soldiers whose claims are to be used as bases for the applications for the land referred to, the mesne and subsequent assignments, and other data relating thereto, with a statement of the present status of all said applications to enter said lands or for rights of way thereon.

I herewith submit copies of all the documents above requested. The records in the Department of Commerce and Labor are not asked for in the resolution, but the Secretary of the Interior has secured from the Secretary of Commerce and Labor certain documents relating to the subject matter on file or of record in the Bureau of Coast and Geodetic Survey, and those are transmitted as part of the documents furnished me by the Secretary of the Interior. I also submit such documents as are on the Executive Office files relating to the Executive order of October 28, last.

I deem it wise and proper to accompany the submission of these documents with a statement in narrative form of the action of the administration with the reasons therefor.

The Executive order of October 28, 1910, referred to in the resolution, was in the terms following:

"THE WHITE HOUSE, *Washington, October 28, 1910.*

"Under authority of the act of Congress of June 4, 1897 (30 Stat., 11, at 34 and 36), and on the recommendation of the Secretary of Agriculture, it is hereby ordered that the proclamation of February 23, 1909, enlarging the Chugach National Forest, be modified to reduce the area of such national forest by eliminating therefrom the following-described tract, containing approximately 12,800 acres of land, which has been found, upon examination, to be not chiefly valuable for national forest purposes:

"Beginning at a point where the meridian of longitude 144 degrees 5′ west crosses the coast line of Controller Bay, thence north along said meridian line to the parallel of latitude at 60 degrees and 10′ north; thence west along said parallel to a point where the same crosses the coast line at or near the mouth of Behring River, and thence along the coast to the place of beginning.

"The tract above described is hereby restored to the public domain.

"William H. Taft."

Controller Bay is upward of twenty miles in total length and five or six miles in width and is land-locked by a number of islands. It was supposed for some time to be so shallow as to make its use for navigation impossible, but in 1907 a channel was discovered, which passed from the ocean to the southeast of the island of Kanaka and curving into the bay extended southeasterly some seven miles. Mr. McCabe, solicitor of the Agricultural Department, states in the memorandum prepared by him for submission to the secretary and to me, that investigation had shown that for a distance of six miles the frontage of Controller Bay was on deep water, to be reached by trestles of ordinary length.

A more exact description of the channel is as follows: For four miles it is about three quarters of a mile wide and for three miles about 2,000 feet wide, gradually approaching nearer to the shore of the mainland. The channel is eleven fathoms where it enters the bay, and continues for more than five miles to have a 30-foot depth, and then gradually shallows until it is from twelve to fifteen feet at mean low water. The mean high tide would increase its depth nine feet. The bottom of the channel is glacial silt and very easily dredgible, so that it would be entirely practicable to widen the channel and deepen it the full length of seven miles. The tract eliminated by the Executive order has a right-angled triangular form, with the shore line or high-water mark as the hypotenuse, between six and seven miles long and roughly about the same length as the channel I have described. The north shore opposite the entrance of the channel to the bay is between two and three miles from low-water mark, and is separated therefrom by tidal mud flats that are covered at high water. The 30-foot contour line is about a mile farther from the shore line.

All the territory surrounding Controller Bay was included in the Chugach Forest Reservation in 1909 by a proclamation of President Roosevelt. The importance of Controller Bay is that it lies about twenty-five miles from very valuable coal deposits, known as the Bering coal fields. Katalla Bay is to the west of Controller Bay and almost immediately adjoins it. It is an open roadstead upon the shore of which an attempt was made by the Morgan-Guggenheim syndicate to establish a railway terminal, and thence to build a road to the Bering coal fields, already mentioned. The attempt failed for the reason that the breakwater protecting the terminals was destroyed by storms and the terminals became impracticable. Some fifty miles or more farther west of Katalla Bay is the mouth of the Copper River, where there is an excellent harbor, on which is the town of Cordova. There the Copper River Railroad, owned by the Morgan-Guggenheim interests, has its terminals, and the line runs to the northeast along the Copper River and has nearly reached certain rich copper mines in the interior.

A branch from this main line is projected to the Bering coal fields and is feasible.

When the channel in the Controller Bay was discovered, Mr. Tittmann, superintendent of the Coast Survey, as shown by his letter in the record, was of opinion that it was of great value and ought to be maintained as a naval reservation because of its proximity to the coal fields. His letter was submitted by the Secretary of Commerce and Labor to the Secretary of the Interior, who invited the comment of the Director of the Geological Survey. That officer replied that the harbor was a poor one, and that it would not be as good for a naval reservation as one already selected, but that he thought that private capital ought to be encouraged to construct a railway from the channel over the mud flats to the shore and thence to the coal fields. Captain Pillsbury of the Army Engineers, in a report in the record made in 1908, mentions three possible objections to Controller Bay: First, that the surrounding islands may prove to be so low as not fully to protect the channel; second, that the flats extend two or three miles from the shore; and, third, that ice formed in the rivers entering the bay and affected by tidal currents may destroy structures put upon the flats and especially a long trestle built over them.

In December, 1909, Mr. Richard S. Ryan, representing the Controller Railway & Navigation Company, applied to Mr. Pinchot, the then Forester, for an elimination from the Chugach Forest Reservation of a tract of land to enable his company to secure railroad terminals, bunkers, railroad shops, etc., on the northeast shore of Controller Bay. This application was referred by the Associate Forester to the District Forester at Portland, Ore., and by him to the Forester in Alaska. The result of these references and the application was that early in 1910 Mr. Graves, who had in the meantime become Forester, reported that there was no objection from the standpoint of forestry interests to the elimination of the tract indicated, or, indeed, of 18,000 acres on the northeast shore of Controller Bay.

The attention of the Navy Department was invited by the Forestry Bureau to the proposal to open the shore of Controller Bay to entry and occupation, and inquiry was made whether the Navy Department desired to use Controller Bay as a reservation and whether it objected to its being opened up. The answer was in the negative.

The matter was considered by the Forestry Bureau, by the Secretary of Agriculture, by the Secretary of the Interior, and by the General Land Office, and the result was a recommendation to me in May, 1910, that an elimination be made of 320 acres with a frontage of 160 rods on the northeast shore of Controller Bay. I entertained some question about the matter and stated my objections at a cabinet meeting. Thereafter, some time in June, I had an interview with Mr. Richard

S. Ryan, the promoter of the Controller Railway & Navigation Company, to whom the Secretary of the Interior had stated my objections, which led to Ryan's sending a communication to the Secretary of the Interior under date of July 13, 1910. This letter was, in the secretary's absence, sent by the department to me at once. I considered the whole case in August, 1910, and directed that the 320 acres, recommended by both departments, be eliminated as recommended. Nothing was done, however, in the matter until I returned to Washington in October, 1910, when a formal order, which had been drawn in the Interior Department and was subsequently specifically approved by the Secretary of Agriculture and returned to the Interior Department, was submitted to me by the Acting Secretary of the Interior, with the approval of that department. The order was as follows:

Under authority of the act of Congress of June 4, 1897 (30 Stat., 11, at 34 and 36), and on the recommendation of the Secretary of Agriculture, it is hereby ordered that the proclamation of February 23, 1909, enlarging the Chugach National Forest, be modified to reduce the area of such national forest by eliminating therefrom the following described tract, containing approximately 320 acres of land, which has been found, upon examination, to be not chiefly valuable for national forest purposes and which is necessary for terminal purposes and desired by the Controller Railway & Navigation Co. for such purposes:

Beginning at a point on Controller Bay which bears south 17° 22′ west, 1,196.7 feet from U. S. Location Monument No. 842; thence north 5,720.5 feet; thence east 2,202.1 feet; thence south 7,044.2 feet to a point on Controller Bay; thence following the meanders of the bay north 52° 30′ west 1,460 feet; thence north 79° 26′ west 800 feet; thence north 42° 34′ west 380 feet, to the point of beginning, containing 320 acres, approximately, the same being in approximate longitude 144° 11′ west from Greenwich, latitude 60° 8′ north.

The tract above described is hereby restored to the public domain.

The question finally came before the Cabinet late in October. After a full discussion of the matter, and after a consideration of the law, I expressed dissatisfaction with the order because it purported on its face to make the elimination for the benefit of a railroad company of a tract of land which the company could not secure under the statute, for it was a tract 320 acres in one body when only 160 acres could be thus acquired. In the second place, I preferred to make a much larger elimination of a tract facing the entire channel, and with sufficient room for a terminal railway town. I was willing to do this because I found the restrictions in the law sufficient to prevent the possibility of any monopoly of either the upland or the harbor or channel by the Controller Railway & Navigation Company, or any other persons, or company. For lack of time sufficient to draft a memorandum myself, I requested the Secretary of the Interior, who, with the Secretary of Agriculture, after full discussion, had agreed in my conclusion, to

prepare a letter setting forth the reasons for making the larger elimination, so that it might become part of the record. The letter is of even date with the order. It does not set forth the reasons for the larger order as fully as I did in discussing it.

It had been originally suggested by the Forestry Bureau that 18,000 acres might safely be eliminated so far as forestry purposes were concerned, but fear had been expressed by one of the District Foresters that such a large elimination would offer an opportunity to the company to use land scrip and acquire title to extensive town sites, and the result of the joint consideration of both departments had been the reduction to 320 acres.

I wish to be as specific as possible upon this point and to say that I alone am responsible for the enlargement of the proposed elimination from 320 acres to 12,800 acres, and that I proposed the change and stated my reasons therefor, and while both secretaries cordially concurred in it, the suggestion was mine.

The statement of Mr. Ryan, who had been properly vouched to the Forester by two gentlemen whom I know, Mr. Chester Lyman and Mr. Fred Jennings, and who had produced a letter from a reputable financial firm, Probst, Wetzler & Company, was that the railway company which he represented had expended more than $75,000 in making preparations for the construction of a railway from Controller Bay to the coal fields, twenty-five miles away, but that they were obstructed in so doing by the order reserving the Chugach Forest Reservation, which covered all of the Controller Bay shore. He, as well as Probst, Wetzler & Company, gave every assurance that the Copper River Railway Company, owned by Messrs. Morgan and Guggenheim, had no connection with them, and that they were engaged in an independent enterprise in good faith to build an independent railroad. No evidence to the contrary has been brought to my attention since.

Of course it was possible that the owners of the Copper River Railway Company might attempt to buy this railroad when, and if, it was built. It was possible that Mr. Ryan was acting in the interests of the Copper River Railroad, although I did not believe it; but, whether this was true or not, it was clear that the order of elimination by reason of the restrictions of the act of Congress hereafter explained, would not permit the owners of either railroad to shut out any other capitalists who might desire to construct a railroad from the channel of Controller Bay to the coal fields; and if by this order we could secure the construction of a railroad from Controller Bay to the coal fields, it would be a distinct step in the useful development of Alaska. The rates of freight for coal to be charged, of course, would always be subject to congressional control, and if Government ownership seemed a wise policy under the peculiar circumstances, ample land for right

of way, harbor frontage, and terminals must always remain available under the law for Government use, or if it is preferred to take over to the Government a railway built by private enterprise, condemnation is easy.

The thing which Alaska needs is development, and where rights and franchises can be properly granted to encourage investment and construction of railroads without conferring exclusive privileges, I believe it to be in accordance with good policy to grant them.

Full authority is given in the Federal statutes for the location of railroads and the acquisition of a right of way over public lands by such location and construction of the road in Alaska (30 Stat. L., 409), and this is permitted even in the forest reservations. (30 Stat. L., 1233.) Pains are taken in the statute to prevent one railroad from excluding another by the appropriation of the only possible pass or cañon or defile through which a road can be built between two points. The difficulty presented by a forest reservation in a case like this is that there is no opportunity to secure town sites or proper terminals for a coal road and shipping point in such a reservation. When, on the recommendation of Forester Pinchot, the Chugach National Forest was created by proclamation of President Roosevelt in July, 1907, there were excepted from the forest the several areas contained within boundaries formed by circles described with a radius of a mile each from the centers of ten small towns or settlements. Among these were Eyak, on Orca Bay, and Valdez, on Valdez Arm. A little later (September 18, 1907), there was eliminated from the reservation approximately 33,000 acres of the water front on Valdez Arm, the tract thus eliminated being a mile wide, abutting on the shore, and following the contour of the arm or bay for a distance of more than thirty miles. At this time, Valdez was deemed important as a future port. Both Orca Bay and Valdez Arm are excellent harbors and have deep water near the shore.

While it does not appear that the creation of railway terminals and harbor facilities was one of the reasons for the exclusion from the national forest of the lands around the town of Eyak, or for the elimination of 33,000 acres at Valdez Arm, it certainly was not regarded as necessary to include or to retain these lands within the national forest for fear they would be entered by a railroad, because on April 24, 1907, Mr. Ballinger, then Commissioner of the General Land Office, had called the attention of Secretary Garfield to the fact that a number of transportation companies were seeking to obtain rights of way through the lands included in the general area proposed to be reserved. Doubtless the rights of the public were thought to be sufficiently safeguarded against monopoly of harbor facilities under the limitations of the statute hereafter mentioned, which were the same

then as now. As a matter of fact, the Copper River Railway Company, owned by the Morgan-Guggenheim Syndicate, having applied for terminal and station grounds at what was then called Eyak shortly before the Chugach Forest Reservation was proclaimed, has established its terminals there and thus has been developed in the immediate neighborhood the well-known terminal town of Cordova. Whenever the Bering coal fields are opened this company can readily reach them by a branch line, the construction of which has already been considered and is entirely practicable. Indeed, its promoters have insisted to the Secretary of the Interior that this is the proper method of developing these coal fields, and that they would not be interested in building a direct line to Controller Bay, where it would be necessary for them to duplicate terminal facilities they already have at Cordova on a better harbor, and where coal is not the only commodity seeking transportation. If this position is correct, and it seems to have sound economic reasons behind it, the only effect of preventing railroad construction at Controller Bay would be to leave the field entirely to the Copper River Railroad.

If a railroad was to be constructed from Controller Bay to the Bering coal fields, it was perfectly evident that there must be a terminal town on the shore of Controller Bay, and I was therefore glad and anxious to throw it open to entry and settlement as one important step in encouraging railroad enterprise. I was certain that Congress had provided, in the statutes affecting the entry and settlement of land in Alaska, limitations which would prevent the possibility of the exclusive appropriation of the harbor and channel of Controller Bay or its shores or upland to any one railroad. This, I propose now to show.

The only practicable method for securing title from the Government in such a tract as this after its elimination is by the use of what is called "soldiers' additional homestead right," evidences by scrip. The statutory limitations upon this method of acquiring title are threefold:

1. No more than 160 acres can be entered in any single body by such scrip. (30 Stat. L., 409; 32 Stat. L., 1028.)

2. No location of scrip along any navigable waters can be made within the distance of eighty rods of any lands already located along such waters. No entry can be allowed extending more than 160 rods along the shore of any navigable water, and along such shore a space of at least eighty rods must be reserved from entry between all such claims. (30 Stat. L., 409; 32 Stat. L., 1028.) Moreover, the statute expressly provides that a roadway sixty feet in width, parallel to the shore line as near as may be practicable, shall be reserved for the use of the public as a highway. (30 Stat. L., 413.)

3. Nothing in the act contained is to be construed to authorize en-

tries to be made or title to be acquired to the shore of any navigable waters within said district. (30 Stat. L., 409; 32 Stat. L., 1029.)

Under the first limitation the navigation company and every other person is prevented from locating more than 160 acres in one body. By the construction of the land department, as shown in the record, this requires a separation between any two entries by the same person or in the same interest of a tract of forty acres. This would prevent the possibility of any one person or any one interest acquiring an entire tract like that of 12,800 acres.

The second limitation is important in that it prevents the entry of claims at any point on the shore having a greater frontage than half a mile, and requires that between that and the next claim taken up there shall be a frontage reserved to the public and kept in public control of a quarter of a mile. The consequence is that in the seven miles of the frontage of this eliminated tract there must be reserved for Government control and use, and such disposition as Congress may see fit to make, and free from private appropriation, a frontage aggregating about $2\frac{3}{4}$ miles, and so distributed along the shore in frontages of eighty rods as to make certain of a public frontage of this width having all the advantage that any private frontage can have. In other words, if a tract with a half-mile frontage is located at a particularly advantageous place with reference to the harbor, then on each side of that frontage must be reserved to the public a frontage of a quarter of a mile, or a half mile in all, for public uses. These public frontages are to be connected by a sixty-foot street reserved parallel to the shore.

These two restrictions necessarily prevent a monopoly of land abutting on the shore, and as they necessarily prevent a monopoly by any one locator, or in the interest of any company for whom locators are acting, they take away the motive for the acquisition of land and frontage merely for the purpose of excluding other companies and possible competitors and tend to confine locators to the acquisition of land to be profitable in its use.

Since the executive order was issued, October 28, 1910, there have been four locations under soldiers' scrip—three of them of 160 rods each along the bay, separated by two divisions of eighty rods, dated November 1, November 10, and November 11, 1910, respectively. I shall assume that all of them are in the interest of the Controller Railway & Navigation Company. None of them has been approved or passed to patent, but I shall assume they can be passed to valid patent. Where the fourth one, dated March 11, 1911, is, does not appear on the map opposite page 2, but it is understood to front 160 rods on the bay shore on the east side of the Campbell River. In addition, upon one of the 80-rod intervals, there is filed what is called a ter-

minal railroad claim of forty acres, covering the entire frontage of eighty rods. This was filed December 14, 1910, after the location of the two scrip entries which it connects. It is plainly invalid because placed on the interval of eighty rods especially reserved by statute for the public. We thus have four frontages of 160 rods now located.

Of the shore frontage unlocated which may be appropriated by scrip, there remain six frontages of 160 rods each on the shore of the tract opened by the Executive order facing the bay and channel, and in addition about $2\frac{3}{4}$ miles of frontage distributed in eleven 80-rod strips, subject to public use and the disposition of Congress. There is thus ample room for many other railroads to reach high-water mark on Controller Bay, and there to acquire tracts for terminals. Of the 12,800 acres, the entries in area have covered not more than 800 acres, and all the rest is available for scrip location or is reserved for the public under the limitations of the act.

But it is said that the three or four locations are the best ones on the bay with reference to the channel and harbor, and are opposite the deepest part. If this is true, it is equally true of the 80-rod reservations between and on each side of these locations. More than that, the channel extends $2\frac{1}{2}$ miles beyond these locations, and while it narrows some and shallows some, it still has a depth of from fifteen to thirty feet at low water and, if necessary, is easily capable of being dredged to greater depth and greater width because of the character of the bottom.

But there is a third reason why the opening of this tract to settlement and limited private appropriations cannot lead to a monopoly in the Controller Railway & Navigation Company or anyone else. The distance from the dry land—i. e., the shore land—the line of high-water mark—to the line of low-water mark is between two and three miles, and the distance to deeper water is about a mile farther, making it necessary, if a harbor is to be reached and used, to construct a viaduct or trestle three or four miles long from the shore to the channel. This tidal flat is owned by the United States, and the acquisition under the public-land laws of tracts on the shore abutting these tidal flats gives no right or title to those flats. This would be the law if the statute was silent on the subject; but not only the statute of 1898 (30 Stat. L., 409), but also the amending statute of 1903 (32 Stat. L., 1028) expressly imposes the restriction that no title or right can be obtained under the act in the shore of a navigable body of water.

The theory upon which it has been contended that the Controller Bay Railway & Navigation Company has practically acquired an exclusive appropriation of the harbor is that its anticipated ownership of the lands located by it and abutting on the shore will give it the right to build viaducts from these lands to the side of the deep channel,

3½ miles away, and there establish wharves on the channel equal in frontage to that of the locations made on the shore, and that even if it does not itself build such wharves, it can prevent anyone else from enjoying access to the channel for the whole length of its frontage, say two miles. I have shown that even if this were the law, the public reservations and the unlocated frontage would prevent monopoly of the channel. But it is not the law.

The shore runs from high-water mark down to low-water mark. The owners of the upland, by virtue of the title they have acquired from the Government, do not acquire a vested right of access to the deep water and have no right or easement to build viaducts or trestles across the flats or wharves along the deep channel which Congress may not regulate or defeat.

The principle of law is settled by the decision of the Supreme Court of the United States in the case of Shively *vs.* Bowlby (152 U. S., 1). In that case it was decided that "grants by Congress of portions of the public lands within a territory to settlers thereon, though bordering on or bounded by navigable waters, convey of their own force no title or right below high-water mark" and do not impair the right either of the United States or of the future State, when created, to deal with the tidal land between high and low water mark at pleasure. It was there held that in the State of Oregon a person who took title to land acquired under an act of Congress while Oregon was a Territory, abutting on the tidal water of the Columbia River, could not object to a subsequent grant to another by the State of Oregon of the tidal lands upon which the land of the grantee under the act of Congress abutted.

It follows that no matter what the ownership of the upland abutting on the tidal flats, Congress has complete power to regulate the trestles and wharves which shall be built from the shore to the channel and along it, and to determine their character and the distance along the channel they may occupy, and in the absence of congressional action, the abutting lot owners can possibly acquire at best only a revocable license or permit from the War Department to put in such structures as that department will certify do not interfere with navigation.

Is congressional action wanting or has Congress given abutting lot owners any permission or easement of this kind? In only two instances has Congress conferred any such authority.

There is a provision of the act of May 14, 1898 (30 Stat. L., 409), providing a right of way for located railways in Alaska that reads as follows:

> And when such railway shall connect with any navigable stream or tide water, such company shall have power to construct and maintain necessary piers and wharves for connection with water transportation, subject to the supervision of the Secretary of the Treasury.

But this is not a right incident to, or commensurate with, ownership of abutting land, but it is incident only to the location of a right of way of a railway. It secures to the railway only such trestles or viaducts to the wharves along the deep channel as the Secretary of the Treasury may deem necessary.

In the second place, there is a provision in the same act by which the Secretary of the Interior may permit the extension of piers and the construction of wharves from the 80-rod frontages reserved to the public, to the navigable channel, but such piers and wharves must be open to public use for reasonable tolls to be fixed by the secretary (30 Stat. L., 413).

There is no provision or intimation in the statute that abutting landowners as such shall have an easement of this kind. The consequence is that even if the Controller Railway & Navigation Company were to obtain control of the entire frontage on the north shore—which, of course, it cannot do because of the 80-rod reservations—it still could not appropriate the channel or exclude anyone from its occupancy.

The whole contention that the executive order and the opening to settlement of the shore of Controller Bay grants a monopoly to the railway company rests on the claim that it has given an opportunity to persons using scrip to appropriate the control of the only available and practicable parts of the channel by the location of the scrip opposite to those parts. If now the location of the scrip opposite to the harbor gives no right to reach the harbor except as Congress may expressly give it, clearly the Controller Railway & Navigation Company has not the slightest opportunity for exclusive appropriation of the harbor facilities unless Congress shall by future act deliberately and voluntarily confer it.

I should be lacking in candor if I allowed it to be inferred that this third reason for saying that there is not the slightest danger of this order giving a monopoly of the channel to the Controller Railway & Navigation Company was present in my mind when I made the order. I was, of course, satisfied because of the other restrictions mentioned that no monopoly of the channel could follow, but I did not examine the law as to this point at that time. But the law is as I have stated it, and the consequences are inevitable.

The owners of the Controller Railway & Navigation Company realized the difficulty there might be in asserting a right as abutting owners to construct trestles and wharves on the tidal flats to the channel, and without even relying on the express privilege conferred on railway companies to apply to the Secretary of the Treasury for such permission, already quoted, went direct to Congress and secured from Congress an act which gives to the company expressly a right of way 200 feet wide across the tidal flats to the deep water; but this grant

of an exclusive easement is carefully drawn and is accompanied and surrounded with every safeguard. Express power to repeal it is reserved to Congress, and the character and extent of the structures on the channels are placed in the control of the War Department upon recommendation of the Chief of Engineers. This easement was granted in an act passed March 4th of this year (36 Stat. at Large, p. 1360), and only after full examination by the Interstate Commerce Committee of the House, after recommendations by the War Department and the Interior Department and a clarifying discussion in the House of Representatives.

In the records of the War Department will be found one permit to construct a trestle from the Controller Bay shore to the channel, which, by extension, is still in force and will remain so until January 1, 1912. This was given to the Controller Bay & Bering Coal Railway Company, a different company from the Controller Railway & Navigation Company. It does not appear upon what authority such permit could be given by the War Department. Under the statute, the Secretary of the Treasury is charged with supervision over such a case, and before a lawful license can be granted his consent must be obtained (30 Stat. L., 409).

It follows from what has been said that the question of how the channel of Controller Bay shall be used is wholly in the control of Congress and nothing that has been done by the executive order or otherwise imperils that control. With the opportunity that any projected railway has to secure access to the harbor by locating its right of way to the line of the shore under supervision of the Secretary of the Treasury, or by application to Congress, the mere private ownership of land abutting on the shore is relatively unimportant. If a railway company thus secures access by trestle and wharf to the deep-water channel, it may conveniently establish its terminal yards, stations, warehouses, and elevators wherever in the eliminated tract it can secure title, and extended frontage on the tidal flats is of no particular advantage. As 12,000 acres in the tract eliminated still remain open to entry, the prospect of a monopoly in one railroad company is most remote. I submit to all fair-minded men who may have been disturbed over the charges made in respect to the executive order of October 28, 1910, that it has been demonstrated by the foregoing that no public interest has suffered from its issue; that great good may come from it; and that no dishonest or improper motive is needed to explain it. I might, therefore, stop here; but rather for the purpose of the moral to be drawn from them than to vindicate the order, I propose to consider the attacks upon the order that misinformation, hysteria, or rancor has prompted.

The order has been criticized because it was not in form a proclama-

tion instead of an order. This was determined by Mr. Graves, the Forester, who, in letter of March 24, 1910, speaking of the proposed elimination, says to his assistant: "Action in this instance will be taken by executive order rather than by proclamation accompanied by diagram," and he gives the reasons in a note dated July 6, 1911:

> When a comparatively small area is to be eliminated from a national forest the executive order is very commonly used instead of the proclamation, especially when other changes in boundaries may be made in a short time. The preparation of the diagrams which accompany a proclamation is necessarily expensive and laborious, and the issuance of repeated proclamations with their diagrams is avoided when an executive order will serve the purpose. In the present case reports were pending, recommending other changes in boundaries of the Chugach Forest, and since the proposed eliminations would be described without the use of a diagram, the executive order form of elimination was chosen.

The fact is that in law there is in effect no difference between a proclamation and an executive order. (Wood *vs.* Beach, 156 U. S., 548–550.) In practice the same publicity is given to each. Both are sent to the State Department for record. The custom of the State Department is to advertise neither a proclamation nor an executive order. Each is merely handed to the representatives of the press after being executed, and is sent to the large mailing list of the State Department. That course was here pursued in respect to the executive order of October 28, 1910. In accordance with custom, copies were sent to the Interior Department and the Agricultural Department, because they were especially concerned.

The charge has been made that this was a secret order, and that though it was made in October, 1910, no one knew of it until April, 1911. This is utterly unfounded. The statement of Mr. Vernon, the correspondent of the *Post-Intelligencer,* of Seattle, a newspaper of wide circulation among a people most interested in Alaska, shows that ten days before the order was made, news of the details of Ryan's application and the probability of its being granted was given wide publicity. It further appears from the records of the Interior Department that the evening the order was signed, October 28, 1910, a full notice of the issue of the order and its details was furnished by the department to all correspondents in the form of a news bulletin. Finally, the agent of the Associated Press certifies that at 7.23 P.M., October 28, 1910, there was sent out by that association to all its newspaper clients a telegram taken from a typewritten statement issued by the Interior Department, as follows:

> WASHINGTON, *October 28.*—Approximately 12,800 acres of land in the Chugach National Forest, Alaska, have been restored by the President for disposition under appropriate land laws, according to information made public to-day by

the Interior Department. These lands are situated on the coast line of Controller Bay in Southern Alaska near the Cunningham claims, and have been found upon examination to be of little value for forestry purposes.

It would be difficult to prepare an advertisement more informing to the public or more likely to attract the attention of all likely to desire acquisition of land on Controller Bay. On the 29th, the Chief Forester sent a telegram making a similar announcement to his district forester at Portland, Ore.

The order has been attacked on the ground that it did not contain a provision delaying its taking effect for thirty days after its local publication as orders restoring land to settlement by homesteaders frequently do. An examination of the record furnishes an explanation of this feature of the order as made. When in October the two departments had agreed, with my acquiescence, that the order should be an elimination of only 320 acres, an order describing the 320 acres directing its restoration to settlement and containing the usual provision postponing its taking effect thirty days was prepared in the Forestry Bureau and forwarded to the Interior Department. There it was deemed wiser to spread on the face of the order a specific declaration that it was made to afford terminals for the Controller Railway & Navigation Company, and as no one else was expected to intervene and take up any part of the eliminated tract, the restoration was made immediate.

The form thus amended was submitted to the Secretary of Agriculture, who expressed his preference for the immediate restoration order through his solicitor's memorandum on the face of the order, as follows:

Mr. CLEMENTS,

[*Assistant Attorney in the Interior Department:*]

We think this O. K. The Secretary says it is the direct way, and appeals to him.

GEO. P. MCCABE.

The idea of the Secretary doubtless was that the short form of order was preferable because on its face it was directly indicative of the purpose to secure an opportunity to the railway company by proper entry to settle on the land eliminated, and as no one else was expected to intervene no postponement was needed. Accordingly when the case came for decision in the Cabinet, the order was without any postponement clause. This was the form sent me for my signature by the Acting Secretary of the Interior Department.

When I directed the striking out of the reference to the railway company and the enlargement of the area from 320 acres to 12,800 acres, the form of the order in its provision for immediate restoration

was not changed. I have no doubt that this was the reason why the order issued took the form it did. Had the postponement clause been suggested, I would, doubtless, have directed it to be embodied in the order. But the event has proven that it was really not important in this case, for in now nearly nine months only the Controller Railway & Navigation Company has made any scrip entries on the eliminated tract and this, although 12,000 acres and about two and one half miles of water front still remain open to entry, and there are several different railway companies in addition to the Controller Railway & Navigation Company that had filed locations for rights of way in the vicinity in the last two years who have had in the last nine months the fullest notice of their opportunity if they wished to enter on this land.

Before closing, I desire to allude to a circumstance which the terms of this resolution make apt and relevant. It is a widely published statement attributed to a newspaper correspondent that in an examination of the files of the Interior Department a few weeks ago a postscript was found attached to a letter of July 13, 1910, addressed by Mr. Richard S. Ryan to Secretary Ballinger—and in the present record —urging the elimination of land enough for terminals for the Controller Railway & Navigation Company. The postscript was said to read as follows:

DEAR DICK:

I went to see the President the other day. He asked me who it was I represented. I told him, according to our agreement, that I represented myself. But this didn't seem to satisfy him. So I sent for Charlie Taft and asked him to tell his brother, the President, who it was I really represented. The President made no further objection to my claim.

Yours, DICK.

The postscript is not now on the files of the department. If it were, it would be my duty to transmit it under this resolution. Who is really responsible for its wicked fabrication if it ever existed, or for the viciously false statement made as to its authenticity, is immaterial for the purposes of this communication. The purport of the alleged postscript is, and the intention of the fabricator was, to make Mr. Richard S. Ryan testify through its words to the public that although I was at first opposed in the public interest to granting the elimination which he requested, nevertheless through the undue influence of my brother, Mr. Charles P. Taft, and the disclosure of the real persons in interest, I was induced improperly and for the promotion of their private gain, to make the order.

The statement in so far as my brother is concerned—and that is the chief feature of the postscript—is utterly unfounded. He never wrote to me or spoke to me in reference to Richard S. Ryan or on the sub-

ject of Controller Bay or the granting of any privileges or the making of any orders in respect to Alaska. He has no interest in Alaska, never had, and knows nothing of the circumstances connected with this transaction. He does not remember that he ever met Richard S. Ryan. He never heard of the Controller Railway & Navigation Company until my cablegram of inquiry reached him, which, with his answer, is in the record.

Mr. Ballinger says in a telegram in answer to my inquiry, both of which are in the record, that he never received such a postscript and that he was in Seattle on the date of July 13th, when it was said to have been written.

Mr. Richard S. Ryan, in a letter which he has sent me without solicitation, and which is in the record, says that he never met my brother, Mr. Charles P. Taft, and that so far as he knows, Mr. Charles P. Taft never had the slightest interest in Controller Bay, in the Controller Railway & Navigation Company, or in any Alaskan company, that he utterly denies writing or signing the alleged postscript. The utter improbability of his writing such a postscript to Mr. Ballinger at Washington, when the latter was away for his vacation for two months, must impress everyone.

The fact is that Mr. Ballinger never saw the letter of July 13, 1910, to which this postscript is said to have been attached. It was sent to me by Mr. Carr, Secretary Ballinger's private secretary, at Beverly, on July 14th—the next day. I read the letter at Beverly in August with other papers and sent them to the White House. It was placed upon the White House files and remained there until April 22, 1911, when it was, by request of Secretary Fisher, for use in connection with his answer to a Senate inquiry, returned to the Interior Department, and it was after this that the correspondent is said to have seen the letter with the postscript attached. Mr. Carr saw no such postscript when he sent the letter to me. I did not see it when I read it. No one saw it in the Executive Office, but it remained to appear as a postscript when it is said that the correspondent saw the letter in April or May on the files of the Interior Department. All others were denied the sight.

The person upon whose statement the existence of what has been properly characterized as an amazing postscript is based, is a writer for newspapers and magazines, who was given permission by Secretary Fisher, after consultation with me, to examine all the files in respect to the Controller Bay matter—and this under the supervision of Mr. Brown, then private secretary to the Secretary of the Interior. After the examination, at which it is alleged this postscript was received from the hand of Mr. Brown, the correspondent prepared an elaborate article on the subject of this order and Controller Bay, which was sub-

mitted to Mr. Fisher, and which was discussed with Mr. Fisher at length, but never in the conversation between them or in the article submitted did the correspondent mention the existence of the postscript. Mr. Brown states that there was no such postscript in the papers when he showed them to the correspondent and that he never saw such a postscript. Similar evidence is given by Mr. Carr and other custodians of the records in the Interior Department.

Stronger evidence of the falsity and maliciously slanderous character of the alleged postscript could not be had. Its only significance is the light it throws on the bitterness and venom of some of those who take active part in every discussion of Alaskan issues. The intensity of their desire to besmirch all who invest in that district, and all who are officially connected with its administration, operates upon the minds of weak human instruments and prompts the fabrication of such false testimony as this postscript. I dislike to dwell upon this feature of the case, but it is so full of a lesson that ought to be taken to heart of every patriotic citizen that I cannot pass it over in silence.

When I made this order, I was aware that the condition of public opinion in reference to investments in Alaska, fanned by charges of fraud—some well founded and others of an hysterical and unjust or false character—would lead to an attack upon it and to the questioning of my motives in signing it. I remarked this when I made the order, and I was not mistaken. But a public officer, when he conceives it his duty to take affirmative action in the public interest, has no more right to allow fear of unjust criticism and attack to hinder him from taking that action than he would to allow personal and dishonest motives to affect him. It is easy in cases like this to take the course which timidity prompts, and to do nothing, but such a course does not inure to the public weal.

I am in full sympathy with the concern of reasonable and patriotic men that the valuable resources of Alaska should not be turned over to be exploited for the profit of greedy, absorbing, and monopolistic corporations or syndicates. Whatever the attempts which have been made, no one, as a matter of fact, has secured in Alaska any undue privilege or franchise not completely under the control of Congress. I am in full agreement with the view that every care, both in administration and in legislation, must be observed to prevent the corrupt or unfair acquisition of undue privilege, franchise, or right from the Government in that district. But everyone must know that the resources of Alaska can never become available either to the people of Alaska or to the public of the United States unless reasonable opportunity is granted to those who would invest their money to secure a return proportionate to the risk run in the investment and reasonable under all the circumstances.

On the other hand, the acrimony of spirit and the intense malice that have been engendered in respect of the administration of the government in Alaska and in the consideration of measures proposed for her relief and the wanton recklessness and eagerness with which attempts have been made to besmirch the characters of high officials having to do with the Alaskan government, and even of persons not in public life, present a condition that calls for condemnation and requires that the public be warned of the demoralization that has been produced by the hysterical suspicions of good people and the unscrupulous and corrupt misrepresentations of the wicked. The helpless state to which the credulity of some and the malevolent scandal-mongering of others have brought the people of Alaska in their struggle for its development ought to give the public pause, for until a juster and fairer view be taken, investment in Alaska, which is necessary to its development, will be impossible, and honest administrators and legislators will be embarrassed in the advocacy and putting into operation of those policies in regard to the Territory which are necessary to its progress and prosperity.

WILLIAM H. TAFT.

SPECIAL MESSAGES.

[Transmitting authenticated copies of the treaties between the United States and Great Britain and France, negotiated August 3, 1911.]

THE WHITE HOUSE, *August 4, 1911.*

To the Senate:

With a view to receiving the advice and consent of the Senate to the ratification of the treaty, I transmit herewith an authenticated copy of a treaty signed by the plenipotentiaries of the United States and Great Britain on August 3, 1911, extending the scope and obligation of the policy of arbitration adopted in the present arbitration treaty of April 4, 1908, between the two countries, so as to exclude certain exceptions contained in that treaty and to provide means for the peaceful solution of all questions of difference which it shall be found impossible in future to settle by diplomacy.

WILLIAM H. TAFT.

THE WHITE HOUSE, *August 4, 1911.*

To the Senate:

With a view to receiving the advice and consent of the Senate to the ratification of the treaty, I transmit herewith an authenticated

copy of a treaty signed by the plenipotentiaries of the United States and France on August 3, 1911, extending the scope and obligation of the policy of arbitration adopted in the present arbitration treaty of February 10, 1908, between the two countries, so as to exclude certain exceptions contained in that treaty and to provide means for the peaceful solution of all questions of difference which it shall be found impossible in future to settle by diplomacy.

WILLIAM H. TAFT.

[NOTE: The treaties with Great Britain and France, which were transmitted with the two messages of August 4, 1911, differed from previous pacts having for their purpose the arbitration of international controversies by frankly including in the differences susceptible of adjudication even questions involving national honor, theretofore the most elastic pretexts of war. An idea of the character of the treaties (which were the same in each case) may best be obtained by following the steps provided for therein in a supposititious case of an act contrary to the Monroe Doctrine on the part of Great Britain. Even though such an injury to our national pride aroused a fervor throughout the country as passionate as the popular sentiment that forced the government to declare war in 1898, and even though public opinion and the administration were united in the belief that the question was not properly subject to arbitration, yet would we be bound by the treaty to request Great Britain, through diplomatic channels, to appoint three members to constitute with three American members the Joint High Commission of Inquiry provided for by the treaty. Either party might, according to the treaty, postpone convening the Commission until one year from the date of our request, thus affording opportunity for warlike preparations, for diplomatic negotiations, or for moderate counsels, as the case might be; but if neither party desired such postponement the Commission would convene immediately. The six Joint High Commissioners would hear the two sides of the controversy, subpœna and administer oaths to witnesses, and make a report which should elucidate the facts, define the issues, and contain such recommendations as it may deem appropriate. This report would not be considered as a decision on the facts or the law, and, if five or all of the six Commissioners considered the matter properly subject to adjudication, the controversy would, under the treaty, go to some arbitral tribunal like that at The Hague for settlement, no matter whether or not the people of both countries were unanimous in demanding war.]

VETO MESSAGE.

[Returning without approval an act revising the schedule of duties on wool and wool manufactures contained in the tariff law of 1909.]

THE WHITE HOUSE, *August 17, 1911.*

To the House of Representatives:

I return without my approval House bill No. 11,019 with a statement of my reasons for so doing.

SIGNING THE BRITISH-AMERICAN ARBITRATION TREATIES, 1911

SIGNING THE BRITISH-AMERICAN ARBITRATION TREATIES

August, 1911

The peace pact between Great Britain and the United States, the signing of which is here illustrated, provides that all questions and disputes, even those affecting the national honor, shall be submitted to arbitration.

The negotiations came about as a result of Mr. Taft's declaration that the United States would consider the making of such a pact with any nation that so desired, in the interest of world-peace. A report of his speech was flashed across the cables to England, and the next day in Parliament the British Foreign Minister made it the subject of an address in which he indicated his Government's willingness to open negotiations. The Treaty, being so novel in purpose, was difficult to draw, and some months elapsed before the diplomats laid the finished product on the table in the President's study, where Ambassador Bryce and Secretary of State Knox, in the presence of the President, simultaneously signed the document for their respective Governments.

A fuller account of this negotiation, which is universally regarded as the longest step ever made in the direction of world-peace, is given in the article entitled "Great Britain, Treaties with," in the Encyclopedic Index.

The bill is an amendment of the existing tariff law, and readjusts the customs duties in what is known as Schedule K, embracing wool and the manufactures of wool.

I was elected to the Presidency as the candidate of a party which in its platform declared its aim and purpose to be to maintain a protective tariff by "the imposition of such duties as will equal the difference between the cost of production at home and abroad, together with a reasonable profit to American industries." I have always regarded this language as fixing the proper measure of protection at the ascertained difference between the cost of production at home and that abroad, and have construed the reference to the profit of American industries as intended, not to add a new element to the measure stated or to exclude from the cost of production abroad the element of a manufacturer's or producer's profit, but only to emphasize the importance of including in the American cost a manufacturer's or producer's profit reasonable according to the American standard.

In accordance with a promise made in the same platform I called an extra session of the Sixty-first Congress, at which a general revision of the tariff was made and adopted in the Payne bill. It was contended by those who opposed the Payne bill that the existing rates of the Dingley bill were excessive and that the rates adopted in the revising statute were not sufficiently reduced to conform to the promised measure.

The great difficulty, however, in discussing the new rates adopted was that there were no means available by which impartial persons could determine what, in fact, was the difference in cost of production between the products of this country and the same products abroad. The American public became deeply impressed with the conviction that, in order to secure a proper revision of the tariff in the future, exact information as to the effect of the new rates must be had, and that the evil of logrolling or a compromise between advocates of different protected industries in fixing duties could be avoided, and the interest of the consuming public could be properly guarded, only by revising the tariff one schedule at a time.

To help these reforms for the future, I took advantage of a clause in the Payne tariff bill enabling me to create a tariff board of three members and directed them to make a glossary and encyclopædia of the terms used in the tariff and to secure information as to the comparative cost of production of dutiable articles under the tariff at home and abroad. In my message to Congress of December 7, 1909, I asked a continuing annual appropriation for the support of the board and said:

> I believe that the work of this board will be of prime utility and importance whenever Congress shall deem it wise again to readjust the customs duties. If

the facts secured by the Tariff Board are of such a character as to show generally that the rates of duties imposed by the present tariff law are excessive under the principles of protection as described in the platform of the successful party at the late election, I shall not hesitate to invite the attention of Congress to this fact and to the necessity for action predicated thereon. Nothing, however, halts business and interferes with the course of prosperity so much as the threatened revision of the tariff, and until the facts are at hand, after careful and deliberate investigation, upon which such revision can properly be undertaken, it seems to me unwise to attempt it. The amount of misinformation that creeps into arguments pro and con in respect to tariff rates is such as to require the kind of investigation that I have directed the Tariff Board to make, an investigation undertaken by it wholly without respect to the effect which the facts may have in calling for a readjustment of the rates of duty.

A popular demand arose for the formal creation by law of a permanent nonpartisan tariff commission. Commercial bodies all over the country united in a movement to secure adequate legislation for this purpose and an association with a nation-wide constituency was organized to promote the cause. The public opinion in favor of such a commission was evidenced by resolutions adopted in 1909 and 1910 by Republican State conventions in at least twenty-eight States.

In addition, efforts were made to secure a change in the rules of procedure in the House and Senate with a view to preventing the consideration of tariff changes except schedule by schedule.

The business of the country rests on a protective-tariff basis. The public keenly realized that a disturbance of business by a change in the tariff and a threat of injury to the industries of the country ought to be avoided, and that nothing could help so much to minimize the fear of destructive changes as the known existence of a reliable source of information for legislative action. The deep interest in the matter of an impartial ascertainment of facts before any new revision, was evidenced by an effort to pass a tariff-commission bill in the short session of the Sixty-first Congress, in which many of both parties united. Such a bill passed both Houses. It provided a commission of five members, to be appointed by the President, not more than three of whom were to belong to the same party, and gave them the power and made it their duty to investigate the operation of the tariff, the comparative cost of production at home and abroad, and like matters of importance in fixing the terms of a revenue measure, and required them to report to the Executive and to Congress when directed. Several, not vital, amendments were made in the Senate, which necessitated a return of the bill to the House, where, because of the limited duration of the session, a comparatively small minority were able to prevent its becoming a law.

On the failure of this bill, I took such steps as I could to make the Tariff Board I had already appointed a satisfactory substitute for

the proposed tariff commission. An appropriation of $225,000, to continue the work until June 30, 1912, had been granted by Congress in the alternative, to be applied to the board I had appointed, unless a tariff commission bill was passed. In this appropriation bill the non-partisan tariff commission, if created and appointed, was directed to make a report on Schedule K by December 1, 1911. Accordingly I added two members to the Tariff Board from the opposition party, and directed the board to make report on Schedule K by December 1st next. The board differs in no way from the tariff commission as it would have been, except in its power to summon witnesses; and I am advised by the members of the board that, without this power, they have had no difficulty in securing the information they desire.

The board took some months to investigate the methods pursued in other countries in procuring information on tariff subjects and to organize its force. In October, 1910, its work of investigation began with a force of forty that has now increased to eighty. In addition to the "glossary," which is near completion, and other work connected with furnishing information in connection with the enforcement of the maximum and minimum clause of the Payne Tariff Act, and in respect to the Canadian reciprocity measure, its attention has been especially directed to comparative cost under Schedule K (wool and woolens), under Schedule M (paper and pulp), and under Schedule I (cotton manufactures). The report on Schedule M (pulp and paper) has already been sent to Congress. Full reports on wool and cotton will be submitted to Congress in December. I have also directed an investigation into the metal and leather schedules, the results of which it is hoped can be submitted to Congress at its first regular session in time to permit their consideration and legislative action, if necessary.

The organization known as the Tariff Commission Association, made up of representatives of substantially all the commercial bodies of the country, for the purpose of securing the establishment of a permanent tariff commission, applied to me for an opportunity to investigate the methods pursued by the Tariff Board. This I was glad to grant, and a very full report of the competent committee of that association concluded as follows:

> In conclusion, our committee finds that the Tariff Board is composed of able, impartial, and earnest men, who are devoting their energies unreservedly to the work before them; that the staff has been carefully selected for the work in view, is efficiently organized and directed, and includes a number of exceptionally competent technical experts; * * * that the work of the board, vast and intricate in detail, is already highly organized, well systematized, and running smoothly; and that Congress and the people can now await the completion of that work with entire confidence, that it is progressing as rapidly as consistent with proper thoroughness, and that it will amply justify all of the

time and expense which it entails. We believe that the value of the work when completed will be so great and so evident as to leave remaining no single doubt as to the expediency of maintaining it as a permanent function of the Government for the benefit of the people.

I have thus reviewed the history of the movement for the establishment of a tariff commission or board in order to show that the real advance and reform in tariff making are to be found in the acquiring of accurate and impartial information as to the effect of the proposed tariff changes under each schedule before they are adopted, and further to show that if delay in the passage of a bill to amend Schedule K can be had until December, Congress will then be in possession of a full and satisfactory report upon the whole schedule.

This brings me to the consideration of the terms of the bill presented for my approval. Schedule K is the most complicated schedule in the tariff. It classifies raw wool with different rates for different classes; it affords the manufacturer what is called a compensatory duty to make up for the increased price of the raw material he has to use due to the rate on raw wool, and for the shrinkage that takes place in scouring the wool for manufacture; and it gives him, in addition, an ad valorem duty to protect him against foreign competition with cheap labor. The usages which prevail in scouring the wool, in making the yarn, and in the manufacture of cloth present a complication of technical detail that prevents anyone, not especially informed concerning wool growing and manufacture, from understanding the schedule and the effect of changes in the various rates and percentages.

If there ever was a schedule that needed consideration and investigation and elaborate explanation by experts before its amendment, it is Schedule K. There is a widespread belief that many rates in the present schedule are too high and are in excess of any needed protection for the wool grower or manufacturer. I share this belief and have so stated in several public addresses. But I have no sufficient data upon which I can judge how Schedule K ought to be amended or how its rates ought to be reduced, in order that the new bill shall furnish the proper measure of protection and no more. Nor have I sources of information which satisfy me that the bill presented to me for signature will accomplish this result. The parliamentary history of the bill is not reassuring upon this point. It was introduced and passed in the House as providing a tariff for revenue only and with the avowed purpose of departing from a protective-tariff policy. The rate of duty on raw wools of all classes was changed from a specific duty of eleven cents a pound to 20 per cent ad valorem. On the average for the importations for the last two years this is a reduction from 47.24 per cent to 20 per cent. Rates on cloths were reduced in the bill from the present average duty of 97.27 per cent to 40 per cent,

and on wearing apparel from 81.31 per cent to 45 per cent. The bill was defeated in the Senate, and so was a substitute introduced as a protection measure. The proposed substitute fixed the duty on raw wool, first class, at 40 per cent, and on a second class of carpet wools at 10 per cent, and on cloths at 60 per cent, and on wearing apparel at the same rate. On reconsideration, a compromise measure was passed by the Senate, which was a compromise between the House bill and the Senate substitute bill, and in which the rate on first-class wool was fixed at 35 per cent, on carpet wools 10 per cent, and on cloth and wearing apparel 55 per cent. In conference between the two Houses the rate on all classes of raw wool was fixed at 29 per cent, this being an increase on carpet wools of 9 per cent as fixed in the House bill and of 19 per cent as fixed in the Senate bill. The conference rate on cloths and wearing apparel was fixed at 49 per cent. No evidence as to the cost of production here or abroad was published, and the compromise amendment in the Senate was adopted without reference to or consideration by a committee.

I do not mention these facts to criticize the method of preparation of the bill; but I must needs refer to them to show that the congressional proceedings make available for me no accurate or scientifically acquired information which enables me to determine that the bill supplies the measure of protection promised in the platform on which I was elected.

Without any investigation of which the details are available, an avowed tariff-for-revenue and antiprotection bill is by compromise blended with a professed protection bill. Rates between those of the two bills are adopted and passed, except that, in some important instances, rates are fixed in the compromise at a figure higher, and in others at a figure lower, than were originally fixed in either House. The principle followed in adjusting the amendments of existing law is, therefore, not clear, and the effect of the bill is most uncertain.

The Wilson Tariff Act of 1894, while giving the manufacturer free wool, provided as high duties on leading manufactures of wool as does the present bill, which at the same time taxes the manufacturer's raw material at twenty-nine per cent. Thus the protection afforded to manufacturers under the Wilson bill was very considerably higher than under the present bill.

During the years in which the Wilson bill was in force the woolen manufacturers suffered. Many mills were compelled to shut down. These were abnormal years, and it is not necessary to attribute the hard times solely to the tariff act of 1894. But it was at least an addition to other factors operating to injure the woolen business. It is the only experience we have had for a generation of a radical revision of this schedule, and, without exaggerating its importance, one

pledged to a moderate protection policy may well hesitate before giving approval without full information to legislation which makes a more radical reduction in the protection actually afforded to manufacturers of wool than did the Wilson Act. Nor does this hesitation arise only for fear of injury to manufacturers. Unless manufacturers are able to continue their business and buy wool from domestic woolgrowers the latter will have no benefit from the tariff that is supposed to protect them, because they will have to sell in competition with foreign wools or send their sheep to the shambles. Hence the woolgrower is as much interested in the protection of the manufacturer as he is in his own.

It may well be that conditions of manufacture in this country have changed so as to require much less protection now for the manufacturers than at the time of the Wilson bill; but in view of the possible wide suffering involved by hasty action based on insufficient knowledge, the wise course, in my judgment, is to postpone any change for a few months needed to complete the pending inquiry.

When I have the accurate information which justifies such action, I shall recommend to Congress as great a reduction in Schedule K as the measure of protection, already stated, will permit. The failure of the present bill should not be regarded, therefore, as taking away the only chance for reduction by this Congress.

More than a million of our countrymen are engaged in the production of wool and the manufacture of woolens; more than a billion of the country's capital is invested in the industry. Large communities are almost wholly dependent upon the prosperity of the wool grower and the woolen manufacturer. Moderately estimated, 5,000,000 of the American people will be injuriously affected by any ill-advised impairment of the wool and woolen industries. Certainly we should proceed prudently in dealing with them upon the basis of ascertained facts rather than hastily and without knowledge to make a reduction of the tariff to satisfy a popular desire, which I fully recognize, for reduction of duties believed to be excessive. I have no doubt that if I were to sign this bill, I would receive the approval of very many persons who favor a reduction of duties in order to reduce the cost of living whatever the effect on our protected industries, and who fail to realize the disaster to business generally and to the people at large which may come from a radical disturbance of that part of business dependent for its life on the continuance of a protective tariff. If I fail to guard as far as I can the industries of the country to the extent of giving them the benefit of a living measure of protection, and business disaster ensues, I shall not be discharging my duty. If I fail to recommend the reduction of excessive duties to this extent, I shall fail in my duty to the consuming public.

There is no public exigency requiring the revision of Schedule K in August without adequate information, rather than in December next with such information. December was the time fixed by both parties in the last Congress for the submission of adequate information upon Schedule K with a view to its amendment. Certainly the public weal is better preserved by delaying ninety days in order to do justice, and make such a reduction as shall be proper, than now blindly to enact a law which may seriously injure the industries involved and the business of the country in general.

WILLIAM H. TAFT.

VETO MESSAGE.

[Returning without approval an act removing all duties on articles in the metal, cotton, wool and leather schedules of the tariff law of 1909.]

THE WHITE HOUSE, *August 18, 1911.*

To the House of Representatives:

I return, without my approval, House bill 4413, entitled—

> "An Act to place on the free list agricultural implements, cotton bagging, cotton ties, leather, boots and shoes, fence wire, meats, cereals, flour, bread, timber, lumber, sewing machines, salt, and other articles."

This free list covers articles in the metal schedule, the cotton schedule, the wool schedule, and the leather schedule. In a special message returning, without my approval, the wool bill, I have set forth at length the reasons why I think all general amendments to the existing tariff laws should be postponed until accurate and scientific information can be submitted to Congress by a Tariff Board appointed for the purpose of investigating the question of the difference in cost of production of dutiable articles at home and abroad. The same reasons which impelled me to decline to sign the wool bill control me in this case. There are other reasons apparent on the face of the bill, taken in connection with the existing law, which make it unwise to allow this bill to pass.

The bill is so carelessly drawn that it would inevitably lead to the greatest uncertainty as to what articles are or are not covered by its various provisions. This would impose a heavy burden on the administrative branch of the Government, create disastrous uncertainty in commercial circles, and lead to a burdensome amount of litigation. The bill, while apparently very simple and affecting only a few articles, is in reality so loose in its phraseology that it would affect hundreds

of items in the existing tariff act. Conceding the wisdom of its general policy, the paragraphs of the bill ought to be rewritten in definite and specific terms.

Take the expression in the first clause, following the specific mention of agricultural implements, "all other agricultural implements of any kind and description, whether specifically mentioned herein or not, whether in whole or in parts, including repair parts." This language is so sweeping that it might be made to cover almost 150 articles used in agriculture, which would affect many sections of the present tariff, and lead to the most injurious uncertainty. Furthermore, it would make it possible to import free many materials now paying a duty, when roughly fashioned into the form of parts of farm implements but actually intended for entirely different uses.

Again, take the general expression in the second clause, the bagging clause, "other material suitable for bagging or sacking agricultural products." It is a serious question whether this section might not be interpreted to make radical changes in many sections of Schedules I (cotton), J (jute and hemp), and K (wool), and it would undoubtedly be open to the same objection of allowing free entry to a large amount of textile manufactures, technically suitable for sacking agricultural products, but intended for entirely different purposes.

Another clause that calls for comment is in the leather paragraph, which reads as follows: "Leather cut into shoe uppers or vamps or other forms suitable for conversion into manufactured articles." The history of this clause is informing as to the method of drafting the bill. The phraseology is found in a proviso at the end of paragraph 451 of the existing tariff. The whole paragraph imposes various duties on different kinds of leather, including many more varieties than are made free by this bill, and the language of the proviso is used in the existing law to impose an additional ad valorem duty on all such leather when cut into forms for further manufacture. The draftsman of the bill now before me took this language, struck out the 10 per cent ad valorem, and left the preceding descriptions of leather out of which the forms were to be cut, dutiable as under the present law. The result is that calfskins tanned, kangaroo, sheep and goat skins, dressed and finished, bookbinders' calfskins, chamois skins, patent and enameled leather, pianoforte leather, and other varieties of leather, when uncut, would pay, under the proposed bill if it became a law, duties ranging from the equivalent of 40 per cent ad valorem down; while the cut forms of such leather would come in free. This imposes a penalty on the domestic labor of cutting and would transfer half the process in the industry of shoemaking and glove making to foreign countries. The result is so unreasonable as to suggest great haste in preparation.

Another clause equally full of difficulty is that admitting free, " Barbed fence wire, wire rods, wire strands, or wire rope, wire woven or manufactured for wire fencing, and other kinds of wire suitable for fencing, including wire staples." This section seems to be drawn with the idea of giving free wire for fencing purposes, but is so loosely worded that it might be taken to include also the highest grades of wire rods and wire rope. This is especially true, because wire rope is never used for fencing, and the words " wire rods, wire strands, or wire rope " are separated by commas from the rest of the section, and it is difficult, with the collocation of terms here used, and in face of the fact that wire rope is not used for fencing at all, to limit " wire rods, strands and rope " here made free to something suitable for fencing.

The truth is that the language of the act is so ambiguous and possibly all-embracing that it is impracticable for the Treasury Department to give an exact estimate as to the diminution in revenue which will follow its passage. The estimates vary all the way from $10,000,000 to $14,000,000, according to the varieties of construction put upon the act and this, although when the bill was first under consideration it was publicly stated by its advocates that the reduction in revenue would not exceed $1,500,000.

The difficulty with the bill is that in the sections above referred to it purports to secure a free list for the benefit of a certain class of users; but to classify articles by their use or their suitability for a certain use is so contrary to the methods of classification in the existing tariff law that its adoption would create the utmost confusion. The danger is not so much that the class of users in whose favor the classification purports to be made will receive more benefit than the framers of the law may have intended, but it is that many who do not belong to the class intended to be favored will import articles suitable for the prescribed use under the general terms of the statute, but will use them for other and general purposes. The effect will be to break down altogether the classification upon which the arrangement in many of the present tariff schedules is based. If there were no other reason for withholding my approval from this bill, this one would be all-sufficient.

But there is another, and a very important, reason why the bill ought not to become a law, and that is that in many instances it adopts the principle, rarely permitted in any revenue system, on whatever theory constructed, by which the finished product is made free from duty, and the raw material and the machinery necessary for its production are kept on the dutiable list. Even the most extreme free trader, or advocate of tariff for revenue only, has never before sought an adjustment of the duties which subjects the manufacturer to a burden in his manufacture by imposing a duty on the machinery and raw mate-

rial he uses, and involves him in unrestricted foreign competition as to the finished product. This is true with reference to leather and shoes, with reference to material for bagging, with reference to cotton ties, and wire for baling and for fencing, and indeed for the agricultural implements included in the catch-all clause to which I have referred.

A third objection to the bill is that, without in fact reducing the price to the consumer of the articles admitted free in a number of the paragraphs, it gives an advantage to Canada, our neighbor on the north, which by withholding we might well use in the future to secure further concessions for us in the reciprocity agreement, which the present Congress has requested me to expand.

Let me give the instances: Agricultural implements specifically mentioned in the bill are shown by a report of the Bureau of Trade Relations of the State Department to be cheaper in this country than anywhere in the world. This is confirmed by the fact that under existing law all countries admitting our agricultural implements free can have free access to our markets for the same articles. Great Britain is the only country whose present laws entitle her to this privilege, and which exports such articles in great quantity and yet she exports practically none to this country. We urged Canada to consent to free trade in these articles in the reciprocity agreement, but she declined. Now it is proposed to give her free trade in them while she retains a duty of 15 per cent ad valorem on our agricultural implements. To admit her manufactures will not lower our prices, but it is giving her access to our markets for nothing, while we might use this privilege to secure some concession from her.

The same thing is true of that part of the present bill in which meat and flour are put on the free list for countries with whom we have a reciprocal agreement, and which receive free our agricultural products. This limits the admission of free meat and flour to Canada only. Meat in Canada and flour in Canada are as high as they are in the United States, and in many instances higher. We asked to have free trade in these two articles under the reciprocity agreement, but Canada declined, for the reason that she feared the effect of the competition of our meat packers and our flour mills with her packers and millers.

Now it is proposed to open this market to the Canadian packers and millers without our having access to the Canadian market. Such action will not reduce the price of meat or flour in this country. That is shown by the fact that they were afraid of our competition. In normal times their importations will have no effect on our markets, and hence the admission from Canada of meat and flour will be of practically no benefit to the consumer, but will offer an inducement to capitalists thinking of building mills or packing houses to put them on the Canadian side of the border where they can have the advantage

of both markets free. This is another instance in which the bill takes away from the President, in dealing with the matter of reciprocity, something that he might use in a trade to induce further reciprocity.

Another instance is in reference to the more finished kinds of lumber. Under our reciprocity agreement, rough lumber enters both countries free. Canada imposes 25 per cent duty on the more finished article, and we impose a duty of a different amount. If, now, we take off all duty on the finished product, we are giving her our market in this lumber for nothing, while we do not secure the benefit of hers; and we give to her Provinces a very strong motive for imposing restrictions and limitations on the cutting and export of rough lumber to this country in order to induce the transfer of the whole lumber manufacturing industry to Canada.

I withhold my approval from this bill, therefore, for the reasons, first, because it should not be considered until the Tariff Board shall make report upon the schedules it affects; second, because the bill is so loosely drawn as to involve the Government in endless litigation and to leave the commercial community in disastrous doubt; third, because it places the finished product on the free list, but retains on the dutiable list the raw material and the machinery with which such finished product is made, and thus puts at a needless disadvantage our American manufacturers; and fourth, that while purporting, by putting agricultural implements, meat, and flour on the free list, to reduce their price to the consumers, it does not do so, but only gives to Canada valuable concessions which might be used by the Executive to expand reciprocity with that country in accordance with the direction of Congress.

WILLIAM H. TAFT.

SPECIAL MESSAGE.

[Regarding salvage of wrecks of Spanish battleships in Cuban waters.]

THE WHITE HOUSE, *August 21, 1911.*

To the Senate and House of Representatives:

I transmit herewith a report by the Acting Secretary of State concerning the ownership of the wrecks of the Spanish vessels which were destroyed by the American fleet off Santiago de Cuba.

It appears that a Norwegian company has applied to the Cuban Government for permission to raise these wrecks and that before considering the proposition the Cuban Government desires to receive the views of the United States in regard thereto.

The Navy Department has no objection to the proposed salvage

operations, but the Department of State holds the view that these wrecks are public property of the United States, which may be alienated only by an act of Congress or by a convention having the force of law.

The matter is therefore submitted to the Congress in accordance with the recommendation of the Acting Secretary of State, with a view to its considering whether the President shall be authorized to relinquish to Cuba all right and claim of right of the United States to these wrecks.

WILLIAM H. TAFT.

SPECIAL MESSAGE.

[Recommending appropriation for prosecution of work of removing the wreck of the *Maine*.]

THE WHITE HOUSE, *August 21, 1911.*

To the Senate and House of Representatives:

On July 26, 1911, there was transmitted to the Congress by my direction a report by the Acting Chief of Engineers, inclosing a report of the board charged "with the work of raising or removal of the wreck of the battleship *Maine* in Habana Harbor." Since that date the Secretary of War, at my request, has visited Habana Harbor and personally inspected the wreck, and has reported to me the result of his inspection and conference with the said board of engineers in charge in Habana. I transmit herewith his report, with the accompanying documents.

I concur fully in the conclusions which the Secretary of War has reached and in the recommendations which he makes in respect of an additional appropriation for this work in order that nothing may remain undone to enable the world to know the original cause of the explosion of the *Maine*. Of course if it shall turn out that the most thorough excavation will not disclose the cause we must be content, but as long as there remains unexcavated any portion of the mud and débris within the wreck or its neighborhood from which evidence may be had of the original cause of the disaster, we shall be derelict in our duty in not prosecuting a further search. The issue is not now whether we ought originally to have begun this investigation, but it is whether, having expended a very large part of the necessary amount to do the full work, we ought to break it off for lack of a comparatively small additional appropriation.

I earnestly hope that Congress will take immediate action in this regard, as recommended by the Secretary of War.

WILLIAM H. TAFT.

VETO MESSAGE.

[Returning without approval an act reducing the duties on cotton manufactures, chemicals, oils, paints and metals.]

THE WHITE HOUSE, *August 22, 1911.*

To the House of Representatives:

I return, without my approval, H. R. 12812, entitled "An act to reduce the duties on manufactures of cotton."

Though its title mentions only manufactures of cotton, the bill in fact changes also all the duties imposed under Schedule A of the Payne Act upon chemicals, oils, and paints, and under Schedule C upon metals and manufactures of metals.

My objection to the cotton schedule is that it was adopted without any investigation or information of a satisfactory character as to the effect which it will have upon an industry of this country in which the capital invested amounted in 1909 to $821,000,000; the value of the product to $629,000,000; the number of wage earners to 379,000, making, with dependents, a total of at least 1,200,000 persons affected; and the wages paid annually amounted to $146,000,000. The bill would not go into effect by its terms until January 1 next, and before that time a full report to be submitted to Congress by the Tariff Board, based upon the most thorough investigation, will show the comparative cost of all the elements of production in the manufacture of cotton in this and other countries. The investigation by the Committee on Ways and Means of the House did not cover the facts showing this comparative cost, for the reason that the committee was preparing a bill on a tariff for revenue basis and their view of a proper tariff was avowedly at variance with the theory of protection. Pledged to support a policy of moderate protection, I can not approve a measure which violates its principle.

Coming now to the amendments to Schedules A and C, I have examined the records of Congress for the purpose of informing myself as to the facts and arguments which in the opinion of Congress make these changes in the law expedient. I find that there was practically no consideration of either schedule by any committee of either House. There was no report of any committee explaining or stating the basis of the proposed amendments. There were no facts presented to either House in which I can find material upon which to form any judgment as to the effect of the amendments either upon American industries or upon the revenues of the Government. The revisions of Schedules A and C were contained in amendments offered upon the floor of the Senate, were never referred to any committee, and were disposed of

without any attempt to adjust the details or to furnish the basis of fact for adjusting the details of the different paragraphs to the great number or variety of industries to be affected, with a view to any degree of protection whatever, however moderate. I can not make myself a party to dealing with the industries of the country in this way.

The industries covered by metals and the manufacture of metals are the largest in the country, and it would seem not only wise but absolutely essential to acquire accurate information as to the effect of changes which may vitally affect these industries before enacting them into law.

The haste in the preparation of the bill is apparent in many of its pages. Section 3 of the bill reads as follows:

> SEC. 3. That on and after the day when this act shall go into effect all goods, wares, and merchandise previously imported and hereinbefore enumerated, described, and provided for, for which no entry has been made, and all such goods, wares, and merchandise previously entered without payment of duty and under bond for warehousing, transportation, or any other purpose, for which no permit of delivery to the importer or his agent has been issued, shall be subjected to no other duty upon the entry or withdrawal thereof than the duty which would be imposed if such goods, wares, or merchandise were imported on or after that date: *Provided, however,* That if the duties above provided to be collected and paid shall, as to any article or articles, be greater than that provided to be paid by the present existing law, less thirty per centum, then in every such case the duty or duties which are hereby levied and which shall be collected and paid on said article or articles shall be a sum equal to the duties provided to be levied, collected, and paid by the present existing law less thirty per centum and not greater.

The first part of section 3, without the proviso, was original section 2 of the bill when it affected only the cotton schedule. It is now placed in the bill after the amendments to the chemical schedule. The proviso was added in the Senate. The proviso was doubtless intended to make certain that the duties in the preceding cotton and chemical schedules were all to be 30 per cent less than the rates fixed in the present law. But this can not be. The proviso is so placed in section 3 that it has no operation except upon the rates to be charged on articles described in the first half of section 3—that is, on the goods already entered or in bond or transportation and which have not paid duty. This would give, over all chemicals now in bond not taken out before the law goes into effect, the benefit of a greater reduction by 5 per cent than would be afforded to chemicals imported after the passage of the act. The result is an inevitable construction and in its manifest error is not out of keeping with some of the other features of the bill to which I am now about to refer.

Even if the proviso effects the purpose evidently intended by the authors of limiting the rates of the whole cotton and chemical sched-

ules, it is legislation of the crudest character, for two reasons: It imposes on customs officers in every entry under those schedules the burden of transmuting the specific rates of the Payne Act to ad valorem rates under the proposed bill, a process which is most difficult and liable to error; secondly, it imposes a duty of 5 per cent less than the duty intended in the whole of the preceding chemical schedule, and furnishes a unique instance in tariff legislation of imposing two different rates of duties on the same articles in succeeding paragraphs of the same bill.

The empirical and haphazard character of this bill is shown more clearly perhaps in the amendment to Schedule A than in any other. The only explanation of it was made when introduced as an amendment. It was then said to be a horizontal reduction of the existing chemical schedule by one-fourth or 25 per cent of the present duties. It was said that the specific duties in the existing law had been transmuted into their equivalent ad valorem and that the result had been reduced by 25 per cent. The method used in reaching this equivalent was quite inaccurate, as is shown by actual inquiry as to the real market price of each article. An examination made by an expert chemist of the Tariff Board into certain paragraphs of the schedule and verified by customs experts of the Treasury Department shows discrepancies in the alleged 25 per cent reduction of rates and gives ground for believing that if time permitted, a close and careful analysis of all the paragraphs would show many others. Instead of a horizontal reduction of 25 per cent this examination shows that the reductions made by the amendment in some paragraphs are much greater than 25 per cent and that in others the change is a substantial increase instead of a reduction of the present duties.

Thus boracic acid is dutiable under the present law at 3 cents per pound. The amendment imposes a duty of 60 per cent ad valorem. At the foreign price of 6 to 6½ cents per pound the amended rate would be from 3.6 to 3.9 cents per pound, or an actual increase in the duty under the present law of from 20 to 30 per cent. Tartaric acid under the amendment has a duty of 4 per cent higher than that of existing law. Alum under the amendment has a rate of 10 per cent higher than existing law. Bleaching powder has a rate under the amendment that is 30 per cent higher than the existing rate. Zinc oxide has an increase of rate in the amendment of 95 per cent over that of existing law. On the other hand, we find in other cases a greater reduction than the proposed 25 per cent. Thus borax is given a rate in the amendment which is a reduction of 80 per cent below the existing rate, while commercial chloroform in the amendment has a reduction of 90 per cent from the present rate. Hydrate, or caustic soda, is given a rate in the amendment which is a 50 per cent reduction from the pres-

ent rate. A curious result appears in the rate fixed for alumina hydrate containing less than 64 per cent of alumina, and the same containing more of alumina. The latter is a finished product as compared with the former, but the latter in the amendment is given a duty of only 5 per cent, while the raw and unfinished product has a rate of 15 per cent ad valorem.

These are some of the typical inconsistencies and instances of haste in preparation and of the error of calculation in the proposed sweeping horizontal reduction of a most important schedule in the tariff. The 85 paragraphs of Schedule A do not refer to the various manufactured forms of one or more materials. Each paragraph relates to a different subject, the duty on which, both with reference to its revenue-producing capacity and with reference to its protecting effect upon an industry of this country, ought to be determined by separate examination, and the taking of careful evidence of experts, because the subject is peculiarly one for experts. The figures I have given show that the method pursued in making what was thought to be a reduction of 25 per cent would, if it became the law, produce the greatest confusion in respect to the whole chemical schedule.

But the most remarkable feature of this amendment to the chemical schedule remains to be stated. The internal revenues of this country to the extent of $160,000,000 are dependent on the imposition of a tax of $1.20 a gallon on distilled spirits at 100 degrees proof, which is a liquid consisting of 50 per cent absolute alcohol and 50 per cent water. The intrinsic cost of spirits of this proof varies from 10 to 20 cents a gallon, so that the enormous tax as compared with the intrinsic value of the article furnishes a motive for fraud and evasion of the laws stronger than in the case of any commodity within the range of Federal taxation. It has therefore been necessary in all customs legislation to protect the internal-revenue system against the introduction from foreign countries of alcohol in any form and in association with any other article except upon the payment of such a customs duty as shall make it unprofitable to import the alcohol into this country to be used in competition with alcohol or distilled spirits of domestic manufacture. The customs duty on a proof gallon of alcohol is $2.25. The care and anxious concern with which Congress has heretofore guarded against the introduction of alcohol in any form without the payment of sufficient duty to prevent its interfering with our domestic production and the payment of the internal tax may be seen in at least ten paragraphs of the chemical schedule of the Payne law and previous enactments:

Thus, in paragraph 2 of the existing law it is provided that vegetable, animal, or mineral objects, immersed or placed in or saturated with alcohol shall have a duty of 60 cents per pound and 25 per

centum ad valorem, and the same duty is imposed in that paragraph on alcoholic compounds not specially provided for. Sixty cents a pound is equivalent to 60 cents a pint of the alcohol or distilled spirits used at proof, and this is equivalent to $4.80 a gallon for alcohol, which of course prevents its importation for any purpose other than as specified in the paragraph.

Again, in paragraph 3, chemical compounds containing alcohol and chemical mixtures containing alcohol have a duty of 55 cents per pound, which would protect the domestic alcohol by a duty of $4.40 a gallon.

The same thing is true in paragraph 65, covering medicinal preparations containing alcohol, or any preparations in which alcohol is used. These have a duty of 55 cents per pound, which would impose a duty on the alcohol used of at least $4.40 a gallon.

Again, on perfumes, including cologne and other toilet waters containing alcohol or in the preparation of which alcohol is used, there is a duty of 60 cents per pound and 50 per cent ad valorem, by which the domestic alcohol used in American-made perfumes is protected by a tax of $4.80.

Under the present bill, all these precautions against the undue introduction of foreign alcohol in articles and compounds included in the chemical schedule are in fact abolished by striking out the specific duties per pound. Thus in paragraph 2, the specific duty per pound is stricken out and the whole rate is fixed at 50 per cent ad valorem. In paragraph 3, there is a similar change; in paragraph 65, the change is to 45 per cent ad valorem; and in paragraph 69, to 60 and 50 per cent ad valorem. With alcohol at a foreign cost of 20 cents a gallon, this would make the tax, so far as the alcohol is concerned in paragraph 2, 10 cents a gallon; in paragraph 3, 8 cents a gallon; in paragraph 65, 9 cents a gallon; and in paragraph 69, from 10 to 12 cents a gallon. That is, the alcohol thus introduced would pay under this chemical schedule from 8 to 12 cents a gallon duty instead of $1.20 a gallon as imposed by our internal-revenue system, or $2.25 a gallon as imposed by our customs laws upon the introduction of proof alcohol, or the higher rates as fixed in the existing chemical schedule. Alcohol is also used in the manufacture of collodion and fruit ethers, and under the existing law the invasion of our internal-revenue system is here also prevented by the imposition of high rates per pound as the equivalent of the internal-revenue tax. By this amendment the compensatory duties for the high domestic tax on alcohol in collodion and ether is abolished and if the bill passed, the domestic manufacturer would pay $1.40 a gallon for his alcohol while his importing competitor would pay but 30 cents.

I need hardly dwell on the disastrous effect such an amendment in reference to alcoholic compounds would have upon the internal-revenue

system of taxing distilled spirits nor need I point out the opportunities of evasion and fraud thus presented. Of course the change was not intended, but if this bill became law, it would be made.

This bill thus illustrates and enforces the views which I have already expressed in vetoing the wool bill and the so-called free-list bill, as to the paramount importance of securing, through the investigation and reports of the Tariff Board, a definite and certain basis of ascertained fact for the consideration of tariff laws. When the reports of the Tariff Board upon these schedules are received, the duties which should be imposed can be determined upon justly, and with intelligent appreciation of the effect that they will have both upon industry and upon revenue. Very likely some of the changes in this bill will prove to be desirable and some to be undesirable. So far as they turn out to be just and reasonable I shall be glad to approve them, but at present the proposed legislation appears to be all a matter of guesswork. The important thing is to get our tariff legislation out of the slough of guesswork and logrolling and ex parte statements of interested persons, and to establish that legislation on the basis of tested and determined facts, to which shall be applied, fairly and openly, whatever tariff principle the people of the country choose to adopt.

WILLIAM H. TAFT.

VETO MESSAGE.

[Returning without approval a joint resolution for the admission of the Territories of New Mexico and Arizona into the Union as States.]

THE WHITE HOUSE, *August 22, 1911.*

To the House of Representatives:

I return herewith, without my approval, House joint resolution No. 14, "To admit the Territories of New Mexico and Arizona as States into the Union on an equal footing with the original States."

Congress, by an enabling act approved June 20, 1910, provided for the calling of a constitutional convention in each of these Territories, the submission of the constitution proposed by the convention to the electors of the Territory, the approval of the constitution by the President and Congress, the proclamation of the fact by the President, and the election of State officers. Both in Arizona and New Mexico conventions have been held, constitutions adopted and ratified by the people and submitted to the President and Congress. I have approved the constitution of New Mexico, and so did the House of Rep-

resentatives of the Sixty-first Congress. The Senate, however, failed to take action upon it. I have not approved the Arizona constitution, nor have the two Houses of Congress, except as they have done so by the joint resolution under consideration. The resolution admits both Territories to statehood with their constitutions, on condition that at the time of the election of State officers New Mexico shall submit to its electors an amendment to its new constitution altering and modifying its provision for future amendments, and on the further condition that Arizona shall submit to its electors, at the time of the election of its State officers, a proposed amendment to its constitution by which judicial officers shall be excepted from the section permitting a recall of all elective officers.

If I sign this joint resolution, I do not see how I can escape responsibility for the judicial recall of the Arizona constitution. The joint resolution admits Arizona with the judicial recall, but requires the submission of the question of its wisdom to the voters. In other words, the resolution approves the admission of Arizona with the judicial recall, unless the voters themselves repudiate it. Under the Arizona constitution all elective officers, and this includes county and State judges, six months after their election are subject to the recall. It is initiated by a petition signed by electors equal to 25 per cent of the total number of votes cast for all the candidates for the office at the previous general election. Within five days after the petition is filed the officer may resign. Whether he does or not, an election ensues in which his name, if he does not resign, is placed on the ballot with that of all other candidates. The petitioners may print on the official ballot 200 words showing their reasons for recalling the officer, and he is permitted to make defense in the same place in 200 words. If the incumbent receives the highest number of the votes, he continues in his office; if not, he is removed from office and is succeeded by the candidate who does receive the highest number.

This provision of the Arizona constitution, in its application to county and State judges, seems to me so pernicious in its effect, so destructive of independence in the judiciary, so likely to subject the rights of the individual to the possible tyranny of a popular majority, and, therefore, to be so injurious to the cause of free government, that I must disapprove a constitution containing it. I am not now engaged in performing the office given me in the enabling act already referred to, approved June 20, 1910, which was that of approving the constitutions ratified by the peoples of the Territories. It may be argued from the text of that act that in giving or withholding the approval under the act my only duty is to examine the proposed constitution, and if I find nothing in it inconsistent with the Federal Constitution, the principles of the Declaration of Independence, or the enabling act, to register my approval.

But now I am discharging my constitutional function in respect to the enactment of laws, and my discretion is equal to that of the Houses of Congress. I must therefore withhold my approval from this resolution if in fact I do not approve it as a matter of governmental policy. Of course, a mere difference of opinion as to the wisdom of details in a State constitution ought not to lead me to set up my opinion against that of the people of the Territory. It is to be their government, and while the power of Congress to withhold or grant statehood is absolute, the people about to constitute a State should generally know better the kind of government and constitution suited to their needs than Congress or the Executive. But when such a constitution contains something so destructive of free government as the judicial recall, it should be disapproved.

A government is for the benefit of all the people. We believe that this benefit is best accomplished by popular government, because in the long run each class of individuals is apt to secure better provision for themselves through their own voice in government than through the altruistic interest of others, however intelligent or philanthropic. The wisdom of ages has taught that no government can exist except in accordance with laws and unless the people under it either obey the laws voluntarily or are made to obey them. In a popular government the laws are made by the people—not by all the people—but by those supposed and declared to be competent for the purpose, as males over 21 years of age, and not by all of these—but by a majority of them only. Now, as the government is for all the people, and is not solely for a majority of them, the majority in exercising control either directly or through its agents is bound to exercise the power for the benefit of the minority as well as the majority. But all have recognized that the majority of a people, unrestrained by law, when aroused and without the sobering effect of deliberation and discussion, may do injustice to the minority or to the individual when the selfish interest of the majority prompts. Hence arises the necessity for a constitution by which the will of the majority shall be permitted to guide the course of the government only under controlling checks that experience has shown to be necessary to secure for the minority its share of the benefit to the whole people that a popular government is established to bestow. A popular government is not a government of a majority, by a majority, for a majority of the people. It is a government of the whole people, by a majority of the whole people under such rules and checks as will secure a wise, just, and beneficent government for all the people. It is said you can always trust the people to do justice. If that means all the people and they all agree, you can. But ordinarily they do not all agree, and the maxim is interpreted to mean that you can always trust a majority of the people. This is not invariably true; and every limitation imposed

by the people upon the power of the majority in their constitutions is an admission that it is not always true. No honest, clear-headed man, however great a lover of popular government, can deny that the unbridled expression of the majority of a community converted hastily into law or action would sometimes make a government tyrannical and cruel. Constitutions are checks upon the hasty action of the majority. They are the self-imposed restraints of a whole people upon a majority of them to secure sober action and a respect for the rights of the minority, and of the individual in his relation to other individuals, and in his relation to the whole people in their character as a state or government.

The Constitution distributes the functions of government into three branches—the legislative, to make the laws; the executive, to execute them; and the judicial, to decide in cases arising before it the rights of the individual as between him and others and as between him and the Government. This division of government into three separate branches has always been regarded as a great security for the maintenance of free institutions, and the security is only firm and assured when the judicial branch is independent and impartial. The executive and legislative branches are representative of the majority of the people which elected them in guiding the course of the Government within the limits of the Constitution. They must act for the whole people, of course; but they may properly follow, and usually ought to follow, the views of the majority which elected them in respect to the governmental policy best adapted to secure the welfare of the whole people. But the judicial branch of the Government is not representative of a majority of the people in any such sense, even if the mode of selecting the judges is by popular election. In a proper sense, judges are servants of the people; that is, they are doing work which must be done for the Government and in the interest of all the people, but it is not work in the doing of which they are to follow the will of the majority except as that is embodied in statutes lawfully enacted according to constitutional limitations. They are not popular representatives. On the contrary, to fill their office properly, they must be independent. They must decide every question which comes before them according to law and justice. If this question is between individuals, they will follow the statute, or the unwritten law if no statute applies, and they take the unwritten law growing out of tradition and custom from previous judicial decisions. If a statute or ordinance affecting a cause before them is not lawfully enacted, because it violates the constitution adopted by the people, then they must ignore the statute and decide the question as if the statute had never been passed. This power is a judicial power imposed by the people on the judges by the written constitution. In early days some argued that the obligations of the Constitution oper-

ated directly on the conscience of the legislature, and only in that manner, and that it was to be conclusively presumed that whatever was done by the legislature was constitutional. But such a view did not obtain with our hard-headed, courageous, and far-sighted statesmen and judges, and it was soon settled that it was the duty of judges in cases properly arising before them to apply the law and so to declare what was the law, and that if what purported to be statutory law was at variance with the fundamental law, i. e., the Constitution, the seeming statute was not law at all, was not binding on the courts, the individuals, or any branch of the Government, and that it was the duty of the judges so to decide. This power conferred on the judiciary in our form of government is unique in the history of governments, and its operation has attracted and deserved the admiration and commendation of the world. It gives to our judiciary a position higher, stronger, and more responsible than that of the judiciary of any other country, and more effectively secures adherence to the fundamental will of the people.

What I have said has been to little purpose if it has not shown that judges to fulfill their functions properly in our popular Government must be more independent than in any other form of government, and that need of independence is greater where the individual is one litigant and the State, guided by the successful and governing majority, is the other. In order to maintain the rights of the minority and the individual and to preserve our constitutional balance we must have judges with courage to decide against the majority when justice and law require.

By the recall in the Arizona constitution it is proposed to give to the majority power to remove arbitrarily, and without delay, any judge who may have the courage to render an unpopular decision. By the recall it is proposed to enable a minority of 25 per cent of the voters of the district or State, for no prescribed cause, after the judge has been in office six months, to submit the question of his retention in office to the electorate. The petitioning minority must say on the ballot what they can against him in 200 words, and he must defend as best he can in the same space. Other candidates are permitted to present themselves and have their names printed on the ballot, so that the recall is not based solely on the record or the acts of the judge, but also on the question whether some other and more popular candidate has been found to unseat him. Could there be a system more ingeniously devised to subject judges to momentary gusts of popular passion than this? We can not be blind to the fact that often an intelligent and respectable electorate may be so roused upon an issue that it will visit with condemnation the decision of a just judge, though exactly in accord with the law governing the case, merely because it affects unfavorably their contest. Controversies over elections, labor troubles,

racial or religious issues, issues as to the construction or constitutionality of liquor laws, criminal trials of popular or unpopular defendants, the removal of county seats, suits by individuals to maintain their constitutional rights in obstruction of some popular improvement—these and many other cases could be cited in which a majority of a district electorate would be tempted by hasty anger to recall a conscientious judge if the opportunity were open all the time. No period of delay is interposed for the abatement of popular feeling. The recall is devised to encourage quick action, and to lead the people to strike while the iron is hot. The judge is treated as the instrument and servant of a majority of the people and subject to their momentary will, not after a long term in which his qualities as a judge and his character as a man have been subjected to a test of all the varieties of judicial work and duty so as to furnish a proper means of measuring his fitness for continuance in another term. On the instant of an unpopular ruling, while the spirit of protest has not had time to cool and even while an appeal may be pending from his ruling in which he may be sustained, he is to be haled before the electorate as a tribunal, with no judicial hearing, evidence, or defense, and thrown out of office, and disgraced for life because he has failed, in a single decision, it may be, to satisfy the popular demand. Think of the opportunity such a system would give to unscrupulous political bosses in control, as they have been in control not only of conventions but elections! Think of the enormous power for evil given to the sensational, muckraking portion of the press in rousing prejudice against a just judge by false charges and insinuations, the effect of which in the short period of an election by recall it would be impossible for him to meet and offset! Supporters of such a system seem to think that it will work only in the interest of the poor, the humble, the weak and the oppressed; that it will strike down only the judge who is supposed to favor corporations and be affected by the corrupting influence of the rich. Nothing could be further from the ultimate result. The motive it would offer to unscrupulous combinations to seek to control politics in order to control judges is clear. Those would profit by the recall who have the best opportunity of rousing the majority of the people to action on a sudden impulse. Are they likely to be the wisest or the best people in a community? Do they not include those who have money enough to employ the firebrands and slanderers in a community and the stirrers-up of social hate? Would not self-respecting men well hesitate to accept judicial office with such a sword of Damocles hanging over them? What kind of judgments might those on the unpopular side expect from courts whose judges must make their decisions under such legalized terrorism? The character of the judges would deteriorate to that of trimmers and time-servers, and independent judicial action

would be a thing of the past. As the possibilities of such a system pass in review, is it too much to characterize it as one which will destroy the judiciary, its standing, and its usefulness?

The argument has been made to justify the judicial recall that it is only carrying out the principle of the election of the judges by the people. The appointment by the executive is by the representative of the majority, and so far as future bias is concerned there is no great difference between the appointment and the election of judges. The independence of the judiciary is secured rather by a fixed term and fixed and irreducible salary. It is true that when the term of judges is for a limited number of years and reelection is necessary, it has been thought and charged sometimes that shortly before election in cases in which popular interest is excited, judges have leaned in their decisions toward the popular side.

As already pointed out, however, in the election of judges for a long and fixed term of years, the fear of popular prejudice as a motive for unjust decisions is minimized by the tenure on the one hand, while the opportunity which the people have calmly to consider the work of a judge for a full term of years in deciding as to his reelection generally insures from them a fair and reasonable consideration of his qualities as a judge. While, therefore, there have been elected judges who have bowed before unjust popular prejudice, or who have yielded to the power of political bosses in their decisions, I am convinced that these are exceptional, and that, on the whole, elected judges have made a great American judiciary. But the success of an elective judiciary certainly furnishes no reason for so changing the system as to take away the very safeguards which have made it successful.

Attempt is made to defend the principle of judicial recall by reference to States in which judges are said to have shown themselves to be under corrupt corporate influence and in which it is claimed that nothing but a desperate remedy will suffice. If the political control in such States is sufficiently wrested from corrupting corporations to permit the enactment of a radical constitutional amendment like that of judicial recall, it would seem possible to make provision in its stead for an effective remedy by impeachment in which the cumbrous features of the present remedy might be avoided, but the opportunity for judicial hearing and defense before an impartial tribunal might be retained. Real reforms are not to be effected by patent short cuts or by abolishing those requirements which the experience of ages has shown to be essential in dealing justly with everyone. Such innovations are certain in the long run to plague the inventor or first user and will come readily to the hand of the enemies and corrupters of society after the passing of the just popular indignation that prompted their adoption.

Again judicial recall is advocated on the ground that it will bring the judges more into sympathy with the popular will and the progress of ideas among the people. It is said that now judges are out of touch with the movement toward a wider democracy and a greater control of governmental agencies in the interest and for the benefit of the people. The righteous and just course for a judge to pursue is ordinarily fixed by statute or clear principles of law, and the cases in which his judgment may be affected by his political, economic, or social views are infrequent. But even in such cases, judges are not removed from the people's influence. Surround the judiciary with all the safeguards possible, create judges by appointment, make their tenure for life, forbid diminution of salary during their term, and still it is impossible to prevent the influence of popular opinion from coloring judgments in the long run. Judges are men, intelligent, sympathetic men, patriotic men, and in those fields of the law in which the personal equation unavoidably plays a part, there will be found a response to sober popular opinion as it changes to meet the exigency of social, political, and economic changes. Indeed this should be so. Individual instances of a hidebound and retrograde conservatism on the part of courts in decisions which turn on the individual economic or sociological views of the judges may be pointed out; but they are not many, and do not call for radical action. In treating of courts we are dealing with a human machine, liable like all the inventions of man to err, but we are dealing with a human institution that likens itself to a divine institution because it seeks and preserves justice. It has been the corner stone of our gloriously free government in which the rights of the individual and of the minority have been preserved, while governmental action of the majority has lost nothing of beneficent progress, efficacy, and directness. This balance was planned in the Constitution by its framers and has been maintained by our independent judiciary.

Precedents are cited from State constitutions said to be equivalent to a popular recall. In some, judges are removable by a vote of both houses of the legislature. This is a mere adoption of the English address of Parliament to the Crown for the removal of judges. It is similar to impeachment in that a form of hearing is always granted. Such a provision forms no precedent for a popular recall without adequate hearing and defense, and with new candidates to contest the election.

It is said the recall will be rarely used. If so, it will be rarely needed. Then why adopt a system so full of danger? But it is a mistake to suppose that such a powerful lever for influencing judicial decisions and such an opportunity for vengeance because of adverse ones will be allowed to remain unused.

But it is said that the people of Arizona are to become an inde-

pendent State when created, and even if we strike out judicial recall now, they can reincorporate it in their constitution after statehood.

To this I would answer that in dealing with the courts, which are the corner stone of good government, and in which not only the voters, but the nonvoters and nonresidents, have a deep interest as a security for their rights of life, liberty, and property, no matter what the future action of the State may be, it is necessary for the authority which is primarily responsible for its creation to assert in no doubtful tones the necessity for an independent and untrammeled judiciary.

WILLIAM H. TAFT.

ANNUAL MESSAGE—PART I.

[On the Anti-Trust Statute.]

THE WHITE HOUSE, *December 5, 1911.*

To the Senate and House of Representatives:

This message is the first of several which I shall send to Congress during the interval between the opening of its regular session and its adjournment for the Christmas holidays. The amount of information to be communicated as to the operations of the Government, the number of important subjects calling for comment by the Executive, and the transmission to Congress of exhaustive reports of special commissions, make it impossible to include in one message of a reasonable length a discussion of the topics that ought to be brought to the attention of the National Legislature at its first regular session.

THE ANTI-TRUST LAW—THE SUPREME COURT DECISIONS.

In May last the Supreme Court handed down decisions in the suits in equity brought by the United States to enjoin the further maintenance of the Standard Oil Trust and of the American Tobacco Trust, and to secure their dissolution. The decisions are epoch-making and serve to advise the business world authoritatively of the scope and operation of the anti-trust act of 1890. The decisions do not depart in any substantial way from the previous decisions of the court in construing and applying this important statute, but they clarify those decisions by further defining the already admitted exceptions to the literal construction of the act. By the decrees, they furnish a useful precedent as to the proper method of dealing with the capital and property of illegal trusts. These decisions suggest the need and wisdom of additional or supplemental legislation to make it easier for the

entire business community to square with the rule of action and legality thus finally established and to preserve the benefit, freedom, and spur of reasonable competition without loss of real efficiency or progress.

NO CHANGE IN THE RULE OF DECISION—MERELY IN ITS FORM OF EXPRESSION.

The statute in its first section declares to be illegal "every contract, combination in the form of trust or otherwise, or conspiracy, in restraint of trade or commerce among the several States or with foreign nations," and in the second, declares guilty of a misdemeanor "every person who shall monopolize or attempt to monopolize or combine or conspire with any other person to monopolize any part of the trade or commerce of the several States or with foreign nations."

In two early cases, where the statute was invoked to enjoin a transportation rate agreement between interstate railroad companies, it was held that it was no defense to show that the agreement as to rates complained of was reasonable at common law, because it was said that the statute was directed against all contracts and combinations in restraint of trade whether reasonable at common law or not. It was plain from the record, however, that the contracts complained of in those cases would not have been deemed reasonable at common law. In subsequent cases the court said that the statute should be given a reasonable construction and refused to include within its inhibition, certain contractual restraints of trade which it denominated as incidental or as indirect.

These cases of restraint of trade that the court excepted from the operation of the statute were instances which, at common law, would have been called reasonable. In the Standard Oil and Tobacco cases, therefore, the court merely adopted the tests of the common law, and in defining exceptions to the literal application of the statute, only substituted for the test of being incidental or indirect, that of being reasonable, and this, without varying in the slightest the actual scope and effect of the statute. In other words, all the cases under the statute which have now been decided would have been decided the same way if the court had originally accepted in its construction the rule at common law.

It has been said that the court, by introducing into the construction of the statute common-law distinctions, has emasculated it. This is obviously untrue. By its judgment every contract and combination in restraint of interstate trade made with the purpose or necessary effect of controlling prices by stifling competition, or of establishing in whole or in part a monopoly of such trade, is condemned by the statute. The most extreme critics can not instance a case that ought

to be condemned under the statute which is not brought within its terms as thus construed.

The suggestion is also made that the Supreme Court by its decision in the last two cases has committed to the court the undefined and unlimited discretion to determine whether a case of restraint of trade is within the terms of the statute. This is wholly untrue. A reasonable restraint of trade at common law is well understood and is clearly defined. It does not rest in the discretion of the court. It must be limited to accomplish the purpose of a lawful main contract to which, in order that it shall be enforceable at all, it must be incidental. If it exceed the needs of that contract, it is void.

The test of reasonableness was never applied by the court at common law to contracts or combinations or conspiracies in restraint of trade whose purpose was or whose necessary effect would be to stifle competition, to control prices, or establish monopolies. The courts never assumed power to say that such contracts or combinations or conspiracies might be lawful if the parties to them were only moderate in the use of the power thus secured and did not exact from the public too great and exorbitant prices. It is true that many theorists, and others engaged in business violating the statute, have hoped that some such line could be drawn by courts; but no court of authority has ever attempted it. Certainly there is nothing in the decisions of the latest two cases from which such a dangerous theory of judicial discretion in enforcing this statute can derive the slightest sanction.

FORCE AND EFFECTIVENESS OF STATUTE A MATTER OF GROWTH.

We have been twenty-one years making this statute effective for the purposes for which it was enacted. The Knight case was discouraging and seemed to remit to the States the whole available power to attack and suppress the evils of the trusts. Slowly, however, the error of that judgment was corrected, and only in the last three or four years has the heavy hand of the law been laid upon the great illegal combinations that have exercised such an absolute dominion over many of our industries. Criminal prosecutions have been brought and a number are pending, but juries have felt averse to convicting for jail sentences, and judges have been most reluctant to impose such sentences on men of respectable standing in society whose offense has been regarded as merely statutory. Still, as the offense becomes better understood and the committing of it partakes more of studied and deliberate defiance of the law, we can be confident that juries will convict individuals and that jail sentences will be imposed.

THE REMEDY IN EQUITY BY DISSOLUTION.

In the Standard Oil case the Supreme and Circuit Courts found the combination to be a monopoly of the interstate business of refining, transporting, and marketing petroleum and its products, effected and maintained through thirty-seven different corporations, the stock of which was held by a New Jersey company. It in effect commanded the dissolution of this combination, directed the transfer and *pro rata* distribution by the New Jersey company of the stock held by it in the thirty-seven corporations to and among its stockholders; and the corporations and individual defendants were enjoined from conspiring or combining to restore such monopoly; and all agreements between the subsidiary corporations tending to produce or bring about further violations of the act were enjoined.

In the Tobacco case, the court found that the individual defendants, twenty-nine in number, had been engaged in a successful effort to acquire complete dominion over the manufacture, sale, and distribution of tobacco in this country and abroad, and that this had been done by combinations made with a purpose and effect to stifle competition, control prices, and establish a monopoly, not only in the manufacture of tobacco, but also of tin-foil and licorice used in its manufacture and of its products of cigars, cigarettes, and snuffs. The tobacco suit presented a far more complicated and difficult case than the Standard Oil suit for a decree which would effectuate the will of the court and end the violation of the statute. There was here no single holding company as in the case of the Standard Oil Trust. The main company was the American Tobacco Company, a manufacturing, selling, and holding company. The plan adopted to destroy the combination and restore competition involved the redivision of the capital and plants of the whole trust between some of the companies constituting the trust and new companies organized for the purposes of the decree and made parties to it, and numbering, new and old, fourteen.

SITUATION AFTER READJUSTMENT.

The American Tobacco Company (old), readjusted capital, $92,000,000; the Liggett & Meyers Tobacco Company (new), capital, $67,000,000; the P. Lorillard Company (new), capital, $47,000,000; and the R. J. Reynolds Tobacco Company (old), capital, $7,525,000, are chiefly engaged in the manufacture and sale of chewing and smoking tobacco and cigars. The former one tin-foil company is divided into two, one of $825,000 capital and the other of $400,000. The one snuff company is divided into three companies, one with a capital of $15,000,000, another with a capital of $8,000,000, and a third with a capital of $8,000,000. The licorice companies are two, one with a

capital of $5,758,300 and another with a capital of $2,000,000. There is, also, the British-American Tobacco Company, a British corporation, doing business abroad with a capital of $26,000,000, the Porto Rican Tobacco Company, with a capital of $1,800,000, and the corporation of United Cigar Stores, with a capital of $9,000,000.

Under this arrangement, each of the different kinds of business will be distributed between two or more companies with a division of the prominent brands in the same tobacco products, so as to make competition not only possible but necessary. Thus the smoking-tobacco business of the country is divided so that the present independent companies have 21.39 per cent, while the American Tobacco Company will have 33.08 per cent, the Liggett & Meyers 20.05 per cent, the Lorillard Company 22.82 per cent, and the Reynolds Company 2.66 per cent. The stock of the other thirteen companies, both preferred and common, has been taken from the defendant American Tobacco Company and has been distributed among its stockholders. All covenants restricting competition have been declared null and further performance of them has been enjoined. The preferred stock of the different companies has now been given voting power which was denied it under the old organization. The ratio of the preferred stock to the common was as 78 to 40. This constitutes a very decided change in the character of the ownership and control of each company.

In the original suit there were twenty-nine defendants who were charged with being the conspirators through whom the illegal combination acquired and exercised its unlawful dominion. Under the decree these defendants will hold amounts of stock in the various distributee companies ranging from 41 per cent as a maximum to 28½ per cent as a minimum, except in the case of one small company, the Porto Rican Tobacco Company, in which they will hold 45 per cent. The twenty-nine individual defendants are enjoined for three years from buying any stock except from each other, and the group is thus prevented from extending its control during that period. All parties to the suit, and the new companies who are made parties, are enjoined perpetually from in any way effecting any combination between any of the companies in violation of the statute by way of resumption of the old trust. Each of the fourteen companies is enjoined from acquiring stock in any of the others. All these companies are enjoined from having common directors or officers, or common buying or selling agents, or common offices, or lending money to each other.

SIZE OF NEW COMPANIES.

Objection was made by certain independent tobacco companies that this settlement was unjust because it left companies with very large

capital in active business, and that the settlement that would be effective to put all on an equality would be a division of the capital and plant of the trust into small fractions in amount more nearly equal to that of each of the independent companies. This contention results from a misunderstanding of the anti-trust law and its purpose. It is not intended thereby to prevent the accumulation of large capital in business enterprises in which such a combination can secure reduced cost of production, sale, and distribution. It is directed against such an aggregation of capital only when its purpose is that of stifling competition, enhancing or controlling prices, and establishing a monopoly. If we shall have by the decree defeated these purposes and restored competition between the large units into which the capital and plant have been divided, we shall have accomplished the useful purpose of the statute.

CONFISCATION NOT THE PURPOSE OF THE STATUTE.

It is not the purpose of the statute to confiscate the property and capital of the offending trusts. Methods of punishment by fine or imprisonment of the individual offenders, by fine of the corporation or by forfeiture of its goods in transportation, are provided, but the proceeding in equity is a specific remedy to stop the operation of the trust by injunction and prevent the future use of the plant and capital in violation of the statute.

EFFECTIVENESS OF DECREE.

I venture to say that not in the history of American law has a decree more effective for such a purpose been entered by a court than that against the Tobacco Trust. As Circuit Judge Noyes said in his judgment approving the decree:

"The extent to which it has been necessary to tear apart this combination and force it into new forms with the attendant burdens ought to demonstrate that the Federal anti-trust statute is a drastic statute which accomplishes effective results; which so long as it stands on the statute books must be obeyed, and which can not be disobeyed without incurring far-reaching penalties. And, on the other hand, the successful reconstruction of this organization should teach that the effect of enforcing this statute is not to destroy, but to reconstruct; not to demolish, but to re-create in accordance with the conditions which the Congress has declared shall exist among the people of the United States."

COMMON STOCK OWNERSHIP.

It has been assumed that the present *pro rata* and common ownership in all these companies by former stockholders of the trust would insure a continuance of the same old single control of all the companies into which the trust has by decree been disintegrated. This is erroneous and is based upon the assumed inefficacy and innocuousness of judicial injunctions. The companies are enjoined from cooperation or combination; they have different managers, directors, purchasing and sales agents. If all or many of the numerous stockholders, reaching into the thousands, attempt to secure concerted action of the companies with a view to the control of the market, their number is so large that such an attempt could not well be concealed, and its prime movers and all its participants would be at once subject to contempt proceedings and imprisonment of a summary character. The immediate result of the present situation will necessarily be activity by all the companies under different managers, and then competition must follow, or there will be activity by one company and stagnation by another. Only a short time will inevitably lead to a change in ownership of the stock, as all opportunity for continued cooperation must disappear. Those critics who speak of this disintegration in the trust as a mere change of garments have not given consideration to the inevitable working of the decree and understand little the personal danger of attempting to evade or set at naught the solemn injunction of a court whose object is made plain by the decree and whose inhibitions are set forth with a detail and comprehensiveness unexampled in the history of equity jurisprudence.

VOLUNTARY REORGANIZATIONS OF OTHER TRUSTS AT HAND.

The effect of these two decisions has led to decrees dissolving the combination of manufacturers of electric lamps, a southern wholesale grocers' association, an interlocutory decree against the Powder Trust with directions by the circuit court compelling dissolution, and other combinations of a similar history are now negotiating with the Department of Justice looking to a disintegration by decree and reorganization in accordance with law. It seems possible to bring about these reorganizations without general business disturbance.

MOVEMENT FOR REPEAL OF THE ANTI-TRUST LAW.

But now that the anti-trust act is seen to be effective for the accomplishment of the purpose of its enactment, we are met by a cry from many different quarters for its repeal. It is said to be obstructive of business progress, to be an attempt to restore old-fashioned methods

of destructive competition between small units, and to make impossible those useful combinations of capital and the reduction of the cost of production that are essential to continued prosperity and normal growth.

In the recent decisions the Supreme Court makes clear that there is nothing in the statute which condemns combinations of capital or mere bigness of plant organized to secure economy in production and a reduction of its cost. It is only when the purpose or necessary effect of the organization and maintenance of the combination or the aggregation of immense size are the stifling of competition, actual and potential, and the enhancing of prices and establishing a monopoly, that the statute is violated. Mere size is no sin against the law. The merging of two or more business plants necessarily eliminates competition between the units thus combined, but this elimination is in contravention of the statute only when the combination is made for purpose of ending this particular competition in order to secure control of, and enhance, prices and create a monopoly.

LACK OF DEFINITENESS IN THE STATUTE.

The complaint is made of the statute that it is not sufficiently definite in its description of that which is forbidden, to enable business men to avoid its violation. The suggestion is, that we may have a combination of two corporations, which may run on for years, and that subsequently the Attorney General may conclude that it was a violation of the statute, and that which was supposed by the combiners to be innocent then turns out to be a combination in violation of the statute. The answer to this hypothetical case is that when men attempt to amass such stupendous capital as will enable them to suppress competition, control prices and establish a monopoly, they know the purpose of their acts. Men do not do such a thing without having it clearly in mind. If what they do is merely for the purpose of reducing the cost of production, without the thought of suppressing competition by use of the bigness of the plant they are creating, then they can not be convicted at the time the union is made, nor can they be convicted later, unless it happen that later on they conclude to suppress competition and take the usual methods for doing so, and thus establish for themselves a monopoly. They can, in such a case, hardly complain if the motive which subsequently is disclosed is attributed by the court to the original combination.

NEW REMEDIES SUGGESTED.

Much is said of the repeal of this statute and of constructive legislation intended to accomplish the purpose and blaze a clear path for

honest merchants and business men to follow. It may be that such a plan will be evolved, but I submit that the discussions which have been brought out in recent days by the fear of the continued execution of the anti-trust law have produced nothing but glittering generalities and have offered no line of distinction or rule of action as definite and as clear as that which the Supreme Court itself lays down in enforcing the statute.

SUPPLEMENTAL LEGISLATION NEEDED—NOT REPEAL OR AMENDMENT.

I see no objection—and indeed I can see decided advantages—in the enactment of a law which shall describe and denounce methods of competition which are unfair and are badges of the unlawful purpose denounced in the anti-trust law. The attempt and purpose to suppress a competitor by underselling him at a price so unprofitable as to drive him out of business, or the making of exclusive contracts with customers under which they are required to give up association with other manufacturers, and numerous kindred methods for stifling competition and effecting monopoly, should be described with sufficient accuracy in a criminal statute on the one hand to enable the Government to shorten its task by prosecuting single misdemeanors instead of an entire conspiracy, and, on the other hand, to serve the purpose of pointing out more in detail to the business community what must be avoided.

FEDERAL INCORPORATION RECOMMENDED.

In a special message to Congress on January 7, 1910, I ventured to point out the disturbance to business that would probably attend the dissolution of these offending trusts. I said:

"But such an investigation and possible prosecution of corporations whose prosperity or destruction affects the comfort not only of stockholders but of millions of wage earners, employees, and associated tradesmen must necessarily tend to disturb the confidence of the business community, to dry up the now flowing sources of capital from its places of hoarding, and produce a halt in our present prosperity that will cause suffering and strained circumstances among the innocent many for the faults of the guilty few. The question which I wish in this message to bring clearly to the consideration and discussion of Congress is whether, in order to avoid such a possible business danger, something can not be done by which these business combinations may be offered a means, without great financial disturbance, of changing the character, organization, and extent of their business into one within the lines of the law under Federal control and supervision, securing compliance with the anti-trust statute.

"Generally, in the industrial combinations called 'trusts,' the principal business is the sale of goods in many States and in foreign markets; in other words, the interstate and foreign business far exceeds the business done in any one State. This fact will justify the Federal Government in granting a Federal charter to such a combination to make and sell in interstate and foreign commerce the products of useful manufacture under such limitations as will secure a compliance with the anti-trust law. It is possible so to frame a statute that while it offers protection to a Federal company against harmful, vexatious, and unnecessary invasion by the States, it shall subject it to reasonable taxation and control by the States with respect to its purely local business. * * *

"Corporations organized under this act should be prohibited from acquiring and holding stock in other corporations (except for special reasons, upon approval by the proper Federal authority), thus avoiding the creation under national auspices of the holding company with subordinate corporations in different States, which has been such an effective agency in the creation of the great trusts and monopolies.

"If the prohibition of the anti-trust act against combinations in restraint of trade is to be effectively enforced, it is essential that the National Government shall provide for the creation of national corporations to carry on a legitimate business throughout the United States. The conflicting laws of the different States of the Union with respect to foreign corporations make it difficult, if not impossible, for one corporation to comply with their requirements so as to carry on business in a number of different States."

I renew the recommendation of the enactment of a general law providing for the voluntary formation of corporations to engage in trade and commerce among the States and with foreign nations. Every argument which was then advanced for such a law, and every explanation which was at that time offered to possible objections, have been confirmed by our experience since the enforcement of the anti-trust statute has resulted in the actual dissolution of active commercial organizations.

It is even more manifest now than it was then that the denunciation of conspiracies in restraint of trade should not and does not mean the denial of organizations large enough to be intrusted with our interstate and foreign trade. It has been made more clear now than it was then that a purely negative statute like the anti-trust law may well be supplemented by specific provisions for the building up and regulation of legitimate national and foreign commerce.

GOVERNMENT ADMINISTRATIVE EXPERTS NEEDED TO AID COURTS IN TRUST DISSOLUTIONS.

The drafting of the decrees in the dissolution of the present trusts, with a view to their reorganization into legitimate corporations, has made it especially apparent that the courts are not provided with the administrative machinery to make the necessary inquiries preparatory to reorganization, or to pursue such inquiries, and they should be empowered to invoke the aid of the Bureau of Corporations in determining the suitable reorganization of the disintegrated parts. The circuit court and the Attorney General were greatly aided in framing the decree in the Tobacco Trust dissolution by an expert from the Bureau of Corporations.

FEDERAL CORPORATION COMMISSION PROPOSED.

I do not set forth in detail the terms and sections of a statute which might supply the constructive legislation permitting and aiding the formation of combinations of capital into Federal corporations. They should be subject to rigid rules as to their organization and procedure, including effective publicity, and to the closest supervision as to the issue of stock and bonds by an executive bureau or commission in the Department of Commerce and Labor, to which in times of doubt they might well submit their proposed plans for future business. It must be distinctly understood that incorporation under Federal law could not exempt the company thus formed and its incorporators and managers from prosecution under the anti-trust law for subsequent illegal conduct, but the publicity of its procedure and the opportunity for frequent consultation with the bureau or commission in charge of the incorporation as to the legitimate purpose of its transactions would offer it as great security against successful prosecutions for violations of the law as would be practical or wise.

Such a bureau or commission might well be invested also with the duty already referred to, of aiding courts in the dissolution and recreation of trusts within the law. It should be an executive tribunal of the dignity and power of the Comptroller of the Currency or the Interstate Commerce Commission, which now exercise supervisory power over important classes of corporations under Federal regulation.

The drafting of such a Federal incorporation law would offer ample opportunity to prevent many manifest evils in corporate management to-day, including irresponsibility of control in the hands of the few who are not the real owners.

INCORPORATION VOLUNTARY.

I recommend that the Federal charters thus to be granted shall be voluntary, at least until experience justifies mandatory provisions. The benefit to be derived from the operation of great businesses under the protection of such a charter would attract all who are anxious to keep within the lines of the law. Other large combinations that fail to take advantage of the Federal incorporation will not have a right to complain if their failure is ascribed to unwillingness to submit their transactions to the careful official scrutiny, competent supervision, and publicity attendant upon the enjoyment of such a charter.

ONLY SUPPLEMENTAL LEGISLATION NEEDED.

The opportunity thus suggested for Federal incorporation, it seems to me, is suitable constructive legislation needed to facilitate the squaring of great industrial enterprises to the rule of action laid down by the anti-trust law. This statute as construed by the Supreme Court must continue to be the line of distinction for legitimate business. It must be enforced, unless we are to banish individualism from all business and reduce it to one common system of regulation or control of prices like that which now prevails with respect to public utilities, and which when applied to all business would be a long step toward State socialism.

IMPORTANCE OF THE ANTI-TRUST ACT.

The anti-trust act is the expression of the effort of a freedom-loving people to preserve equality of opportunity. It is the result of the confident determination of such a people to maintain their future growth by preserving uncontrolled and unrestricted the enterprise of the individual, his industry, his ingenuity, his intelligence, and his independent courage.

For twenty years or more this statute has been upon the statute book. All knew its general purpose and approved. Many of its violators were cynical over its assumed impotence. It seemed impossible of enforcement. Slowly the mills of the courts ground, and only gradually did the majesty of the law assert itself. Many of its statesmen-authors died before it became a living force, and they and others saw the evil grow which they had hoped to destroy. Now its efficacy is seen; now its power is heavy; now its object is near achievement. Now we hear the call for its repeal on the plea that it interferes with business prosperity, and we are advised in most general terms, how by some other statute and in some other way the evil we are just stamping out can be cured, if we only abandon this work of twenty years and try another experiment for another term of years.

It is said that the act has not done good. Can this be said in the face of the effect of the Northern Securities decree? That decree was in no way so drastic or inhibitive in detail as either the Standard Oil decree or the Tobacco decree; but did it not stop for all time the then powerful movement toward the control of all the railroads of the country in a single hand? Such a one-man power could not have been a healthful influence in the Republic, even though exercised under the general supervision of an interstate commission.

Do we desire to make such ruthless combinations and monopolies lawful? When all energies are directed, not toward the reduction of the cost of production for the public benefit by a healthful competition, but toward new ways and means for making permanent in a few hands the absolute control of the conditions and prices prevailing in the whole field of industry, then individual enterprise and effort will be paralyzed and the spirit of commercial freedom will be dead.

WM. H. TAFT.

ANNUAL MESSAGE—PART II.

[On Foreign Relations.]

THE WHITE HOUSE, *December 7, 1911.*

To the Senate and House of Representatives:

The relations of the United States with other countries have continued during the past twelve months upon a basis of the usual good will and friendly intercourse.

ARBITRATION.

The year just passed marks an important general movement on the part of the Powers for broader arbitration. In the recognition of the manifold benefits to mankind in the extension of the policy of the settlement of international disputes by arbitration rather than by war, and in response to a widespread demand for an advance in that direction on the part of the people of the United States and of Great Britain and of France, new arbitration treaties were negotiated last spring with Great Britain and France, the terms of which were designed, as expressed in the preamble of these treaties, to extend the scope and obligations of the policy of arbitration adopted in our present treaties with those Governments. To pave the way for this treaty with the United States, Great Britain negotiated an important modification in its alliance with Japan, and the French Government also

expedited the negotiations with signal good will. The new treaties have been submitted to the Senate and are awaiting its advice and consent to their ratification. All the essentials of these important treaties have long been known, and it is my earnest hope that they will receive prompt and favorable action.

CLAIM OF ALSOP & CO. SETTLED.

I am glad to report that on July 5 last the American claim of Alsop & Co. against the Government of Chile was finally disposed of by the decision of His Britannic Majesty George V, to whom, as *amiable compositeur,* the matter had been referred for determination. His Majesty made an award of nearly $1,000,000 to the claimants, which was promptly paid by Chile. The settlement of this controversy has happily eliminated from the relations between the Republic of Chile and the United States the only question which for two decades had given the two foreign offices any serious concern and makes possible the unobstructed development of the relations of friendship which it has been the aim of this Government in every possible way to further and cultivate.

ARBITRATIONS—PANAMA AND COSTA RICA—COLOMBIA AND HAITI.

In further illustration of the practical and beneficent application of the principle of arbitration and the underlying broad spirit of conciliation, I am happy to advert to the part of the United States in facilitating amicable settlement of disputes which menaced the peace between Panama and Costa Rica and between Haiti and the Dominican Republic.

Since the date of their independence, Colombia and Costa Rica had been seeking a solution of a boundary dispute, which came as an heritage from Colombia to the new Republic of Panama, upon its beginning life as an independent nation. Although the disputants had submitted this question for decision to the President of France under the terms of an arbitration treaty, the exact interpretation of the provisions of the award rendered had been a matter of serious disagreement between the two countries, both contending for widely different lines even under the terms of the decision. Subsequently and since 1903 this boundary question had been the subject of fruitless diplomatic negotiations between the parties. In January, 1910, at the request of both Governments the agents representing them met in conference at the Department of State and subsequently concluded a protocol submitting this long-pending controversy to the arbitral judgment of the Chief Justice of the United States, who consented to act in this capacity. A boundary commission, according to the interna-

tional agreement, has now been appointed, and it is expected that the arguments will shortly proceed and that this long-standing dispute will be honorably and satisfactorily terminated.

Again, a few months ago it appeared that the Dominican Republic and Haiti were about to enter upon hostilities because of complications growing out of an acrimonious boundary dispute which the efforts of many years had failed to solve. The Government of the United States, by a friendly interposition of good offices, succeeded in prevailing upon the parties to place their reliance upon some form of pacific settlement. Accordingly, on the friendly suggestion of this Government, the two Governments empowered commissioners to meet at Washington in conference at the State Department in order to arrange the terms of submission to arbitration of the boundary controversy.

CHAMIZAL ARBITRATION NOT SATISFACTORY.

Our arbitration of the Chamizal boundary question with Mexico was unfortunately abortive, but with the earnest efforts on the part of both Governments which its importance commands, it is felt that an early practical adjustment should prove possible.

LATIN AMERICA.

VENEZUELA.

During the past year the Republic of Venezuela celebrated the one hundredth anniversary of its independence. The United States sent, in honor of this event, a special embassy to Caracas, where the cordial reception and generous hospitality shown it were most gratifying as a further proof of the good relations and friendship existing between that country and the United States.

MEXICO.

The recent political events in Mexico received attention from this Government because of the exceedingly delicate and difficult situation created along our southern border and the necessity for taking measures properly to safeguard American interests. The Government of the United States, in its desire to secure a proper observance and enforcement of the so-called neutrality statutes of the Federal Government, issued directions to the appropriate officers to exercise a diligent and vigilant regard for the requirements of such rules and laws. Although a condition of actual armed conflict existed, there was no official recognition of belligerency involving the technical neutrality obligations of international law.

On the 6th of March last, in the absence of the Secretary of State, I had a personal interview with Mr. Wilson, the ambassador of the

United States to Mexico, in which he reported to me that the conditions in Mexico were much more critical than the press dispatches disclosed; that President Diaz was on a volcano of popular uprising; that the small outbreaks which had occurred were only symptomatic of the whole condition; that a very large per cent of the people were in sympathy with the insurrection; that a general explosion was probable at any time, in which case he feared that the 40,000 or more American residents in Mexico might be assailed, and that the very large American investments might be injured or destroyed.

After a conference with the Secretary of War and the Secretary of the Navy, I thought it wise to assemble an Army division of full strength at San Antonio, Tex., a brigade of three regiments at Galveston, a brigade of Infantry in the Los Angeles district of southern California, together with a squadron of battleships and cruisers and transports at Galveston, and a small squadron of ships at San Diego. At the same time, through our representative at the City of Mexico, I expressed to President Diaz the hope that no apprehensions might result from unfounded conjectures as to these military maneuvers, and assured him that they had no significance which should cause concern to his Government.

The mobilization was effected with great promptness, and on the 15th of March, through the Secretary of War and the Secretary of the Navy, in a letter addressed to the Chief of Staff, I issued the following instructions:

It seems my duty as Commander in Chief to place troops in sufficient number where, if Congress shall direct that they enter Mexico to save American lives and property, an effective movement may be promptly made. Meantime, the movement of the troops to Texas and elsewhere near the boundary, accompanied with sincere assurances of the utmost goodwill toward the present Mexican Government and with larger and more frequent patrols along the border to prevent insurrectionary expeditions from American soil, will hold up the hands of the existing Government and will have a healthy moral effect to prevent attacks upon Americans and their property in any subsequent general internecine strife. Again, the sudden mobilization of a division of troops has been a great test of our Army and full of useful instruction, while the maneuvers that are thus made possible can occupy the troops and their officers to great advantage.

The assumption by the press that I contemplate intervention on Mexican soil to protect American lives or property is of course gratuitous, because I seriously doubt whether I have such authority under any circumstances, and if I had I would not exercise it without express congressional approval. Indeed, as you know, I have already declined, without Mexican consent, to order a troop of Cavalry to protect the breakwater we are constructing just across the border in Mexico at the mouth of the Colorado River to save the Imperial Valley, although the insurrectos had scattered the Mexican troops and were

taking our horses and supplies and frightening our workmen away. My determined purpose, however, is to be in a position so that when danger to American lives and property in Mexico threatens and the existing Government is rendered helpless by the insurrection, I can promptly execute congressional orders to protect them, with effect.

Meantime, I send you this letter, through the Secretary, to call your attention to some things in connection with the presence of the division in the Southwest which have doubtless occurred to you, but which I wish to emphasize.

In the first place, I want to make the mobilization a first-class training for the Army, and I wish you would give your time and that of the War College to advising and carrying out maneuvers of a useful character, and plan to continue to do this during the next three months. By that time we may expect that either Ambassador Wilson's fears will have been realized and chaos and its consequences have ensued, or that the present Government of Mexico will have so readjusted matters as to secure tranquillity—a result devoutly to be wished. The troops can then be returned to their posts. I understood from you in Washington that Gen. Aleshire said that you could probably meet all the additional expense of this whole movement out of the present appropriations if the troops continue in Texas for three months. I sincerely hope this is so. I observe from the newspapers that you have no blank cartridges, but I presume that this is an error, or that it will be easy to procure those for use as soon as your maneuvers begin.

Second. Texas is a State ordinarily peaceful, but you can not put 20,000 troops into it without running some risk of a collision between the people of that State, and especially the Mexicans who live in Texas near the border and who sympathize with the insurrectos, and the Federal soldiers. For that reason I beg you to be as careful as you can to prevent friction of any kind. We were able in Cuba, with the army of pacification there of something more than 5,000 troops, to maintain them for a year without any trouble, and I hope you can do the same thing in Texas. Please give your attention to this, and advise all the officers in command of the necessity for very great circumspection in this regard.

Third. One of the great troubles in the concentration of troops is the danger of disease, and I suppose that you have adopted the most modern methods for preventing and, if necessary, for stamping out epidemics. That is so much a part of a campaign that it hardly seems necessary for me to call attention to it.

Finally, I wish you to examine the question of the patrol of the border and put as many troops on that work as is practicable, and more than are now engaged in it, in order to prevent the use of our borderland for the carrying out of the insurrection. I have given assurances to the Mexican ambassador on this point.

I sincerely hope that this experience will always be remembered by the Army and Navy as a useful means of education, and I should be greatly disappointed if it resulted in any injury or disaster to our forces from any cause. I have taken a good deal of responsibility in ordering this mobilization, but I am ready to answer for it if only you and those under you use the utmost care to avoid the difficulties which I have pointed out.

You may have a copy of this letter made and left with Gen. Carter and such other generals in command as you may think wise and necessary to guide them in their course, but to be regarded as confidential.

I am more than happy to here record the fact that all apprehensions as to the effect of the presence of so large a military force in Texas proved groundless; no disturbances occurred; the conduct of the troops was exemplary and the public reception and treatment of them was all that could have been desired, and this notwithstanding the presence of a large number of Mexican refugees in the border territory.

From time to time communications were received from Ambassador Wilson, who had returned to Mexico, confirming the view that the massing of American troops in the neighborhood had had good effect. By dispatch of April 3, 1911, the ambassador said:

The continuing gravity of the situation here and the chaos that would ensue should the constitutional authorities be eventually overthrown, thus greatly increasing the danger to which American lives and property are already subject, confirm the wisdom of the President in taking those military precautions which, making every allowance for the dignity and the sovereignty of a friendly state, are due to our nationals abroad.

Charged as I am with the responsibility of safeguarding these lives and property, I am bound to say to the department that our military dispositions on the frontier have produced an effective impression on the Mexican mind and may, at any moment, prove to be the only guaranties for the safety of our nationals and their property. If it should eventuate that conditions here require more active measures by the President and Congress, sporadic attacks might be made upon the lives and property of our nationals, but the ultimate result would be order and adequate protection.

The insurrection continued and resulted in engagements between the regular Mexican troops and the insurgents, and this along the border, so that in several instances bullets from the contending forces struck American citizens engaged in their lawful occupations on American soil.

Proper protests were made against these invasions of American rights to the Mexican authorities. On April 17, 1911, I received the following telegram from the governor of Arizona:

As a result of to-day's fighting across the international line, but within gunshot range of the heart of Douglas, five Americans wounded on this side of the line. Everything points to repetition of these casualties on to-morrow, and while the Federals seem disposed to keep their agreement not to fire into Douglas, the position of the insurrectionists is such that when fighting occurs on the east and southeast of the intrenchments people living in Douglas are put in danger of their lives. In my judgment radical measures are needed to protect our

innocent people, and if anything can be done to stop the fighting at Agua Prieta the situation calls for such action. It is impossible to safeguard the people of Douglas unless the town be vacated. Can anything be done to relieve situation, now acute?

After a conference with the Secretary of State, the following telegram was sent to Governor Sloan, on April 18, 1911, and made public:

Your dispatch received. Have made urgent demand upon Mexican Government to issue instructions to prevent firing across border by Mexican federal troops, and am waiting reply. Meantime I have sent direct warning to the Mexican and insurgent forces near Douglas. I infer from your dispatch that both parties attempt to heed the warning, but that in the strain and exigency of the contest wild bullets still find their way into Douglas. The situation might justify me in ordering our troops to cross the border and attempt to stop the fighting, or to fire upon both combatants from the American side. But if I take this step, I must face the possibility of resistance and greater bloodshed, and also the danger of having our motives misconstrued and misrepresented, and of thus inflaming Mexican popular indignation against many thousand Americans now in Mexico and jeopardizing their lives and property. The pressure for general intervention under such conditions it might not be practicable to resist. It is impossible to foresee or reckon the consequences of such a course, and we must use the greatest self-restraint to avoid it. Pending my urgent representation to the Mexican Government, I can not therefore order the troops at Douglas to cross the border, but I must ask you and the local authorities, in case the same danger recurs, to direct the people of Douglas to place themselves where bullets can not reach them and thus avoid casualty. I am loath to endanger Americans in Mexico, where they are necessarily exposed, by taking a radical step to prevent injury to Americans on our side of the border who can avoid it by a temporary inconvenience.

I am glad to say that no further invasion of American rights of any substantial character occurred.

The presence of a large military and naval force available for prompt action, near the Mexican border, proved to be most fortunate under the somewhat trying conditions presented by this invasion of American rights. Had no movement theretofore taken place, and because of these events it had been necessary then to bring about the mobilization, it must have had sinister significance. On the other hand, the presence of the troops before and at the time of the unfortunate killing and wounding of American citizens at Douglas, made clear that the restraint exercised by our Government in regard to this occurrence was not due to lack of force or power to deal with it promptly and aggressively, but was due to a real desire to use every means possible to avoid direct intervention in the affairs of our neighbor, whose friendship we valued and were most anxious to retain.

The policy and action of this Government were based upon an earnest friendliness for the Mexican people as a whole, and it is a matter of gratification to note that this attitude of strict impartiality as to all factions in Mexico and of sincere friendship for the neighboring nation, without regard for party allegiance, has been generally recognized and has resulted in an even closer and more sympathetic understanding between the two Republics and a warmer regard one for the other. Action to suppress violence and restore tranquillity throughout the Mexican Republic was of peculiar interest to this Government, in that it concerned the safeguarding of American life and property in that country. The Government of the United States had occasion to accord permission for the passage of a body of Mexican rurales through Douglas, Arizona, to Tia Juana, Mexico, for the suppression of general lawlessness which had for some time existed in the region of northern Lower California. On May 25, 1911, President Diaz resigned, Señor de la Barra was chosen provisional President. Elections for President and Vice President were thereafter held throughout the Republic, and Señor Francisco I. Madero was formally declared elected on October 15 to the chief magistracy. On November 6 President Madero entered upon the duties of his office.

Since the inauguration of President Madero a plot has been unearthed against the present Government, to begin a new insurrection. Pursuing the same consistent policy which this administration has adopted from the beginning, it directed an investigation into the conspiracy charged, and this investigation has resulted in the indictment of Gen. Bernardo Reyes and others and the seizure of a number of officers and men and horses and accoutrements assembled upon the soil of Texas for the purpose of invading Mexico. Similar proceedings had been taken during the insurrection against the Diaz Government resulting in the indictments and prosecution of persons found to be engaged in violating the neutrality laws of the United States in aid of that uprising.

The record of this Government in respect of the recognition of constituted authority in Mexico therefore is clear.

CENTRAL AMERICA—HONDURAS AND NICARAGUA TREATIES PROPOSED.

As to the situation in Central America, I have taken occasion in the past to emphasize most strongly the importance that should be attributed to the consummation of the conventions between the Republics of Nicaragua and of Honduras and this country, and I again earnestly recommend that the necessary advice and consent of the Senate be accorded to these treaties, which will make it possible for these Central American Republics to enter upon an era of genuine economic national development. The Government of Nicaragua which

has already taken favorable action on the convention, has found it necessary, pending the exchange of final ratifications, to enter into negotiations with American bankers for the purpose of securing a temporary loan to relieve the present financial tension. In connection with this temporary loan and in the hope of consummating, through the ultimate operation of the convention, a complete and lasting economic regeneration, the Government of Nicaragua has also decided to engage an American citizen as collector general of customs. The claims commission on which the services of two American citizens have been sought, and the work of the American financial adviser should accomplish a lasting good of inestimable benefit to the prosperity, commerce, and peace of the Republic. In considering the ratification of the conventions with Nicaragua and Honduras, there rests with the United States the heavy responsibility of the fact that their rejection here might destroy the progress made and consign the Republics concerned to still deeper submergence in bankruptcy, revolution, and national jeopardy.

PANAMA.

Our relations with the Republic of Panama, peculiarly important, due to mutual obligations and the vast interests created by the canal, have continued in the usual friendly manner, and we have been glad to make appropriate expression of our attitude of sympathetic interest in the endeavors of our neighbor in undertaking the development of the rich resources of the country. With reference to the internal political affairs of the Republic, our obvious concern is in the maintenance of public peace and constitutional order, and the fostering of the general interests created by the actual relations of the two countries, without the manifestation of any preference for the success of either of the political parties.

THE PAN AMERICAN UNION.

The Pan American Union, formerly known as the Bureau of American Republics, maintained by the joint contributions of all the American nations, has during the past year enlarged its practical work as an international organization, and continues to prove its usefulness as an agency for the mutual development of commerce, better acquaintance, and closer intercourse between the United States and her sister American republics.

THE FAR EAST.

THE CHINESE LOANS.

The past year has been marked in our relations with China by the conclusion of two important international loans, one for the construc-

tion of the Hukuang railways, the other for carrying out of the currency reform to which China was pledged by treaties with the United States, Great Britain, and Japan, of which mention was made in my last annual message.

It will be remembered that early in 1909 an agreement was consummated among British, French, and German financial groups whereby they proposed to lend the Chinese Government funds for the construction of railways in the Provinces of Hunan and Hupeh, reserving for their nationals the privilege of engineering the construction of the lines and of furnishing the materials required for the work. After negotiations with the Governments and groups concerned an agreement was reached whereby American, British, French, and German nationals should participate upon equal terms in this important and useful undertaking. Thereupon the financial groups, supported by their respective Governments, began negotiations with the Chinese Government which terminated in a loan to China of $30,000,000, with the privilege of increasing the amount to $50,000,000. The cooperative construction of these trunk lines should be of immense advantage, materially and otherwise, to China and should greatly facilitate the development of the bountiful resources of the Empire. On the other hand, a large portion of these funds is to be expended for materials, American products having equal preference with those of the other three lending nations, and as the contract provides for branches and extensions subsequently to be built on the same terms the opportunities for American materials will reach considerable proportions.

Knowing the interest of the United States in the reform of Chinese currency, the Chinese Government, in the autumn of 1910, sought the assistance of the American Government to procure funds with which to accomplish that all-important reform. In the course of the subsequent negotiations there was combined with the proposed currency loan one for certain industrial developments in Manchuria, the two loans aggregating the sum of $50,000,000. While this was originally to be solely an American enterprise, the American Government, consistently with its desire to secure a sympathetic and practical cooperation of the great powers toward maintaining the principle of equality of opportunity and the administrative integrity of China, urged the Chinese Government to admit to participation in the currency loan the associates of the American group in the Hukuang loan. While of immense importance in itself, the reform contemplated in making this loan is but preliminary to other and more comprehensive fiscal reforms which will be of incalculable benefit to China and foreign interests alike, since they will strengthen the Chinese Empire and promote the rapid development of international trade.

NEUTRAL FINANCIAL ADVISER.

When these negotiations were begun, it was understood that a financial adviser was to be employed by China in connection with the reform, and in order that absolute equality in all respects among the lending nations might be scrupulously observed, the American Government proposed the nomination of a neutral adviser, which was agreed to by China and the other Governments concerned. On September 28, 1911, Dr. Vissering, president of the Dutch Java Bank and a financier of wide experience in the Orient, was recommended to the Chinese Government for the post of monetary adviser.

Especially important at the present, when the ancient Chinese Empire is shaken by civil war incidental to its awakening to the many influences and activities of modernization, are the cooperative policy of good understanding which has been fostered by the international projects referred to above and the general sympathy of view among all the Powers interested in the Far East. While safeguarding the interests of our nationals, this Government is using its best efforts in continuance of its traditional policy of sympathy and friendship toward the Chinese Empire and its people, with the confident hope for their economic and administrative development, and with the constant disposition to contribute to their welfare in all proper ways consistent with an attitude of strict impartiality as between contending factions.

For the first time in the history of the two countries, a Chinese cruiser, the *Haichi,* under the command of Admiral Ching, recently visited New York, where the officers and men were given a cordial welcome.

NEW JAPANESE TREATY.

The treaty of commerce and navigation between the United States and Japan, signed in 1894, would by a strict interpretation of its provisions have terminated on July 17, 1912. Japan's general treaties with the other powers, however, terminated in 1911, and the Japanese Government expressed an earnest desire to conduct the negotiations for a new treaty with the United States simultaneously with its negotiations with the other powers. There were a number of important questions involved in the treaty, including the immigration of laborers, revision of the customs tariff, and the right of Americans to hold real estate in Japan. The United States consented to waive all technicalities and to enter at once upon negotiations for a new treaty on the understanding that there should be a continuance throughout the life of the treaty of the same effective measures for the restriction of immigration of laborers to American territory which had been in operation with entire satisfaction to both Governments since 1908.

The Japanese Government accepted this basis of negotiation, and a new treaty was quickly concluded, resulting in a highly satisfactory settlement of the other questions referred to.

A satisfactory adjustment has also been effected of the questions growing out of the annexation of Korea by Japan.

The recent visit of Admiral Count Togo to the United States as the Nation's guest afforded a welcome opportunity to demonstrate the friendly feeling so happily existing between the two countries.

SIAM.

There has been a change of sovereigns in Siam and the American minister at Bangkok was accredited in a special capacity to represent the United States at the coronation ceremony of the new King.

EUROPE AND THE NEAR EAST.

In Europe and the Near East, during the past twelve-month, there has been at times considerable political unrest. The Moroccan question, which for some months was the cause of great anxiety, happily appears to have reached a stage at which it need no longer be regarded with concern. The Ottoman Empire was occupied for a period by strife in Albania and is now at war with Italy. In Greece and the Balkan countries the disquieting potentialities of this situation have been more or less felt. Persia has been the scene of a long internal struggle. These conditions have been the cause of uneasiness in European diplomacy, but thus far without direct political concern to the United States.

In the war which unhappily exists between Italy and Turkey this Government has no direct political interest, and I took occasion at the suitable time to issue a proclamation of neutrality in that conflict. At the same time all necessary steps have been taken to safeguard the personal interests of American citizens and organizations in so far as affected by the war.

COMMERCE WITH THE NEAR EAST.

In spite of the attendant economic uncertainties and detriments to commerce, the United States has gained markedly in its commercial standing with certain of the nations of the Near East. Turkey, especially, is beginning to come into closer relations with the United States through the new interest of American manufacturers and exporters in the possibilities of those regions, and it is hoped that foundations are being laid for a large and mutually beneficial exchange of commodities between the two countries. This new interest of Turkey in American goods is indicated by the fact that a party of prominent

merchants from a large city in Turkey recently visited the United States to study conditions of manufacture and export here, and to get into personal touch with American merchants, with a view to cooperating more intelligently in opening up the markets of Turkey and the adjacent countries to our manufactures. Another indication of this new interest of America in the commerce of the Near East is the recent visit of a large party of American merchants and manufacturers to central and eastern Europe, where they were entertained by prominent officials and organizations of the large cities, and new bonds of friendship and understanding were established which can not but lead to closer and greater commercial interchange.

CORONATION OF KING GEORGE V.

The 22d of June of the present year marked the coronation of His Britannic Majesty King George V. In honor of this auspicious occasion I sent a special embassy to London. The courteous and cordial welcome extended to this Government's representatives by His Majesty and the people of Great Britain has further emphasized the strong bonds of friendship happily existing between the two nations.

SETTLEMENT OF LONG-STANDING DIFFERENCES WITH GREAT BRITAIN.

As the result of a determined effort on the part of both Great Britain and the United States to settle all of their outstanding differences a number of treaties have been entered into between the two countries in recent years, by which nearly all of the unsettled questions between them of any importance have either been adjusted by agreement or arrangements made for their settlement by arbitration. A number of the unsettled questions referred to consist of pecuniary claims presented by each country against the other, and in order that as many of these claims as possible should be settled by arbitration a special agreement for that purpose was entered into between the two Governments on the 18th day of August, 1910, in accordance with Article II of the general arbitration treaty with Great Britain of April 4, 1908. Pursuant to the provisions of this special agreement a schedule of claims has already been agreed upon, and the special agreement, together with this schedule, received the approval of the Senate when submitted to it for that purpose at the last session of Congress. Negotiations between the two Governments for the preparation of an additional schedule of claims are already well advanced, and it is my intention to submit such schedule as soon as it is agreed upon to the Senate for its approval, in order that the arbitration proceedings may be undertaken at an early date. In this connection the attention of Congress is particularly called to the necessity for an appropriation

to cover the expense incurred in submitting these claims to arbitration.

PRESENTATION TO GERMANY OF REPLICA OF VON STEUBEN STATUE.

In pursuance of the act of Congress, approved June 23, 1910, the Secretary of State and the Joint Committee on the Library entered into a contract with the sculptor, Albert Jaegers, for the execution of a bronze replica of the statue of Gen. von Steuben erected in Washington, for presentation to His Majesty the German Emperor and the German nation in recognition of the gift of the statue of Frederick the Great made by the Emperor to the people of the United States.

The presentation was made on September 2 last by representatives whom I commissioned as the special mission of this Government for the purpose.

The German Emperor has conveyed to me by telegraph, on his own behalf and that of the German people, an expression of appreciative thanks for this action of Congress.

RUSSIA.

By direction of the State Department, our ambassador to Russia has recently been having a series of conferences with the minister of foreign affairs of Russia, with a view to securing a clearer understanding and construction of the treaty of 1832 between Russia and the United States and the modification of any existing Russian regulations which may be found to interfere in any way with the full recognition of the rights of American citizens under this treaty. I believe that the Government of Russia is addressing itself seriously to the need of changing the present practice under the treaty and that sufficient progress has been made to warrant the continuance of these conferences in the hope that there may soon be removed any justification of the complaints of treaty violation now prevalent in this country.

I expect that immediately after the Christmas recess I shall be able to make a further communication to Congress on this subject.

LIBERIA.

Negotiations for the amelioration of conditions found to exist in Liberia by the American commission, undertaken through the Department of State, have been concluded and it is only necessary for certain formalities to be arranged in securing the loan which it is hoped will place that republic on a practical financial and economic footing.

RECOGNITION OF PORTUGUESE REPUBLIC.

The National Constituent Assembly, regularly elected by the vote of the Portuguese people, having on June 19 last unanimously pro-

claimed a republican form of government, the official recognition of the Government of the United States was given to the new Republic in the afternoon of the same day.

SPITZBERGEN ISLANDS.

Negotiations for the betterment of conditions existing in the Spitzbergen Islands and the adjustment of conflicting claims of American citizens and Norwegian subjects to lands in that archipelago are still in progress.

INTERNATIONAL CONVENTIONS AND CONFERENCES.

INTERNATIONAL PRIZE COURT.

The supplementary protocol to The Hague convention for the establishment of an international prize court, mentioned in my last annual message, embodying stipulations providing for an alternative procedure which would remove the constitutional objection to that part of The Hague convention which provides that there may be an appeal to the proposed court from the decisions of national courts, has received the signature of the governments parties to the original convention and has been ratified by the Government of the United States, together with the prize court convention.

The deposit of the ratifications with the Government of the Netherlands awaits action by the powers on the declaration, signed at London on February 26, 1909, of the rules of international law to be recognized within the meaning of article 7 of The Hague convention for the establishment of an International Prize Court.

FUR-SEAL TREATY.

The fur-seal controversy, which for nearly twenty-five years has been the source of serious friction between the United States and the powers bordering upon the north Pacific Ocean, whose subjects have been permitted to engage in pelagic sealing against the fur-seal herds having their breeding grounds within the jurisdiction of the United States, has at last been satisfactorily adjusted by the conclusion of the north Pacific sealing convention entered into between the United States, Great Britain, Japan, and Russia on the 7th of July last. This convention is a conservation measure of very great importance, and if it is carried out in the spirit of reciprocal concession and advantage upon which it is based, there is every reason to believe that not only will it result in preserving the fur-seal herds of the north Pacific Ocean and restoring them to their former value for the purposes of commerce, but also that it will afford a permanently satisfactory settlement of a question the only other solution of which seemed to be the total destruction of the fur seals. In another aspect, also, this

convention is of importance in that it furnishes an illustration of the feasibility of securing a general international game law for the protection of other mammals of the sea, the preservation of which is of importance to all the nations of the world.

LEGISLATION NECESSARY.

The attention of Congress is especially called to the necessity for legislation on the part of the United States for the purpose of fulfilling the obligations assumed under this convention, to which the Senate gave its advice and consent on the 24th day of July last.

PROTECTION OF INDUSTRIAL PROPERTY UNION.

The conference of the International Union for the Protection of Industrial Property, which, under the authority of Congress, convened at Washington on May 16, 1911, closed its labors on June 2, 1911, by the signature of three acts, as follows:

(1) A convention revising the Paris convention of March 20, 1883, for the protection of industrial property, as modified by the additional act signed at Brussels on December 14, 1900;

(2) An arrangement to replace the arrangement signed at Madrid on April 14, 1891, for the international registration of trade-marks, and the additional act with regard thereto signed at Brussels on December 14, 1900; and

(3) An arrangement to replace the arrangement signed at Madrid on April 14, 1891, relating to the repression of false indication of production of merchandise.

The United States is a signatory of the first convention only, and this will be promptly submitted to the Senate.

INTERNATIONAL OPIUM COMMISSION.

In a special message transmitted to the Congress on the 11th of January, 1911, in which I concurred in the recommendations made by the Secretary of State in regard to certain needful legislation for the control of our interstate and foreign traffic in opium and other menacing drugs, I quoted from my annual message of December 7, 1909, in which I announced that the results of the International Opium Commission held at Shanghai in February, 1909, at the invitation of the United States, had been laid before this Government; that the report of that commission showed that China was making remarkable progress and admirable efforts toward the eradication of the opium evil; that the interested governments had not permitted their commercial interests to prevent their cooperation in this reform; and, as a result of collateral investigations of the opium question in this country, I recommended that the manufacture, sale, and use of opium in the United States should be more rigorously controlled by legislation.

Prior to that time and in continuation of the policy of this Government to secure the cooperation of the interested nations, the United States proposed an international opium conference with full powers for the purpose of clothing with the force of international law the resolutions adopted by the above-mentioned commission, together with their essential corollaries. The other powers concerned cordially responded to the proposal of this Government, and, I am glad to be able to announce, representatives of all the powers assembled in conference at The Hague on the first of this month.

Since the passage of the opium-exclusion act, more than twenty States have been animated to modify their pharmacy laws and bring them in accord with the spirit of that act, thus stamping out, to a measure, the intrastate traffic in opium and other habit-forming drugs. But, although I have urged on the Congress the passage of certain measures for Federal control of the interstate and foreign traffic in these drugs, no action has yet been taken. In view of the fact that there is now sitting at The Hague so important a conference, which has under review the municipal laws of the different nations for the mitigation of their opium and other allied evils, a conference which will certainly deal with the international aspects of these evils, it seems to me most essential that the Congress should take immediate action on the anti-narcotic legislation to which I have already called attention by a special message.

BUENOS AIRES CONVENTIONS.

The four important conventions signed at the Fourth Pan American Conference at Buenos Aires, providing for the regulation of trademarks, patents, and copyrights, and for the arbitration of pecuniary claims, have, with the advice and consent of the Senate, been ratified on the part of the United States and the ratifications have been deposited with the Government of the Argentine Republic in accordance with the requirements of the conventions. I am not advised that similiar action has been taken by any other of the signatory governments.

INTERNATIONAL ARRANGEMENT TO SUPPRESS OBSCENE PUBLICATIONS.

One of the notable advances in international morality accomplished in recent years was an arrangement entered into on April 13th of the present year between the United States and other powers for the repression of the circulation of obscene publications.

FOREIGN TRADE RELATIONS OF THE UNITED STATES.

In my last annual message I referred to the tariff negotiations of the Department of State with foreign countries in connection with the

application, by a series of proclamations, of the minimum tariff of the United States to importations from the several countries, and I stated that, in its general operation, section 2 of the new tariff law had proved a guaranty of continued commercial peace, although there were, unfortunately, instances where foreign governments dealt arbitrarily with American interests within their jurisdiction in a manner injurious and inequitable. During the past year some instances of discriminatory treatment have been removed, but I regret to say that there remain a few cases of differential treatment adverse to the commerce of the United States. While none of these instances now appears to amount to undue discrimination in the sense of section 2 of the tariff law of August 5, 1909, they are all exceptions to that complete degree of equality of tariff treatment that the Department of State has consistently sought to obtain for American commerce abroad.

While the double tariff feature of the tariff law of 1909 has been amply justified by the results achieved in removing former and preventing new, undue discriminations against American commerce, it is believed that the time has come for the amendment of this feature of the law in such way as to provide a graduated means of meeting varying degrees of discriminatory treatment of American commerce in foreign countries as well as to protect the financial interests abroad of American citizens against arbitrary and injurious treatment on the part of foreign governments through either legislative or administrative measures.

It would seem desirable that the maximum tariff of the United States should embrace within its purview the free list, which is not the case at the present time, in order that it might have reasonable significance to the governments of those countries from which the importations into the United States are confined virtually to articles on the free list.

RECORD OF HIGHEST AMOUNT OF FOREIGN TRADE.

The fiscal year ended June 30, 1911, shows great progress in the development of American trade. It was noteworthy as marking the highest record of exports of American products to foreign countries, the valuation being in excess of $2,000,000,000. These exports showed a gain over the preceding year of more than $300,000,000.

FACILITIES FOR FOREIGN TRADE FURNISHED BY JOINT ACTION OF DEPARTMENT OF STATE AND OF COMMERCE AND LABOR.

There is widespread appreciation expressed by the business interests of the country as regards the practical value of the facilities now offered by the Department of State and the Department of Commerce and Labor for the furtherance of American commerce. Conferences

with their officers at Washington who have an expert knowledge of trade conditions in foreign countries and with consular officers and commercial agents of the Department of Commerce and Labor who, while on leave of absence, visit the principal industrial centers of the United States, have been found of great value. These trade conferences are regarded as a particularly promising method of governmental aid in foreign trade promotion. The Department of Commerce and Labor has arranged to give publicity to the expected arrival and the itinerary of consular officers and commercial agents while on leave in the United States, in order that trade organizations may arrange for conferences with them.

As I have indicated, it is increasingly clear that to obtain and maintain that equity and substantial equality of treatment essential to the flourishing foreign trade, which becomes year by year more important to the industrial and commercial welfare of the United States, we should have a flexibility of tariff sufficient for the give and take of negotiation by the Department of State on behalf of our commerce and industry.

CRYING NEED FOR AMERICAN MERCHANT MARINE.

I need hardly reiterate the conviction that there should speedily be built up an American merchant marine. This is necessary to assure favorable transportation facilities to our great ocean-borne commerce as well as to supplement the Navy with an adequate reserve of ships and men. It would have the economic advantage of keeping at home part of the vast sums now paid foreign shipping for carrying American goods. All the great commercial nations pay heavy subsidies to their merchant marine, so that it is obvious that without some wise aid from the Congress the United States must lag behind in the matter of merchant marine in its present anomalous position.

EXTENSION OF AMERICAN BANKING TO FOREIGN COUNTRIES.

Legislation to facilitate the extension of American banks to foreign countries is another matter in which our foreign trade needs assistance.

CHAMBERS OF FOREIGN COMMERCE SUGGESTED.

The interests of our foreign commerce are nonpartisan, and as a factor in prosperity are as broad as the land. In the dissemination of useful information and in the coordination of effort certain unofficial associations have done good work toward the promotion of foreign commerce. It is cause for regret, however, that the great number of such associations and the comparative lack of cooperation between them fails to secure an efficiency commensurate with the public interest. Through the agency of the Department of Commerce and Labor,

and in some cases directly, the Department of State transmits to reputable business interests information of commercial opportunities, supplementing the regular published consular reports. Some central organization in touch with associations and chambers of commerce throughout the country and able to keep purely American interests in closer touch with different phases of commercial affairs would, I believe, be of great value. Such organization might be managed by a committee composed of a small number of those now actively carrying on the work of some of the larger associations, and there might be added to the committee, as members ex officio, one or two officials of the Department of State and one or two officials from the Department of Commerce and Labor and representatives of the appropriate committees of Congress. The authority and success of such an organization would evidently be enhanced if the Congress should see fit to prescribe its scope and organization through legislation which would give to it some such official standing as that, for example, of the National Red Cross.

With these factors and the continuance of the foreign-service establishment (departmental, diplomatic, and consular) upon the high plane where it has been placed by the recent reorganization this Government would be abreast of the times in fostering the interests of its foreign trade, and the rest must be left to the energy and enterprise of our business men.

IMPROVEMENT OF THE FOREIGN SERVICE.

The entire foreign-service organization is being improved and developed with especial regard to the requirements of the commercial interests of the country. The rapid growth of our foreign trade makes it of the utmost importance that governmental agencies through which that trade is to be aided and protected should possess a high degree of efficiency. Not only should the foreign representatives be maintained upon a generous scale in so far as salaries and establishments are concerned, but the selection and advancement of officers should be definitely and permanently regulated by law so that the service shall not fail to attract men of high character and ability. The experience of the past few years with a partial application of civil-service rules to the Diplomatic and Consular Service leaves no doubt in my mind of the wisdom of a wider and more permanent extension of those principles to both branches of the foreign service. The men selected for appointment by means of the existing executive regulations have been of a far higher average of intelligence and ability than the men appointed before the regulations were promulgated. Moreover, the feeling that under the existing rules there is reasonable hope for permanence of tenure during good behavior and for promotion for meritorious

service has served to bring about a zealous activity in the interests of the country, which never before existed or could exist. It is my earnest conviction that the enactment into law of the general principles of the existing regulations can not fail to effect further improvement in both branches of the foreign service by providing greater inducement for young men of character and ability to seek a career abroad in the service of the Government, and an incentive to those already in the service to put forth greater efforts to attain the high standards which the successful conduct of our international relations and commerce requires.

I therefore again commend to the favorable action of the Congress the enactment of a law applying to the diplomatic and consular service the principles embodied in section 1753 of the Revised Statutes of the United States, in the civil-service act of January 16, 1883, and the Executive orders of June 27, 1906, and of November 26, 1909. In its consideration of this important subject I desire to recall to the attention of the Congress the very favorable report made on the Lowden bill for the improvement of the foreign service by the Foreign Affairs Committee of the House of Representatives. Available statistics show the strictness with which the merit system has been applied to the foreign service during recent years and the absolute nonpartisan selection of consuls and diplomatic-service secretaries who, indeed, far from being selected with any view to political consideration, have actually been chosen to a disproportionate extent from States which would have been unrepresented in the foreign service under the system which it is to be hoped is now permanently obsolete. Some legislation for the perpetuation of the present system of examinations and promotions upon merit and efficiency would be of greatest value to our commerical and international interests.

WM. H. TAFT.

ANNUAL MESSAGE—PART III.

[Transmitting report of the Tariff Board on Schedule K.]

THE WHITE HOUSE, *December 20, 1911.*

To the Senate and House of Representatives:

In my annual message to Congress, December, 1909, I stated that under section 2 of the act of August 5, 1909, I had appointed a Tariff Board of three members to cooperate with the State Department in the administration of the maximum and minimum clause of that act, to make a glossary or encyclopedia of the existing tariff so as to render

its terms intelligible to the ordinary reader, and then to investigate industrial conditions and costs of production at home and abroad with a view to determining to what extent existing tariff rates actually exemplify the protective principle, viz., that duties should be made adequate, and only adequate, to equalize the difference in cost of production at home and abroad.

I further stated that I believed these investigations would be of great value as a basis for accurate legislation, and that I should from time to time recommend to Congress the revision of certain schedules in accordance with the findings of the Board.

In the last session of the Sixty-first Congress a bill creating a permanent Tariff Board of five members, of whom not more than three should be of the same political party, passed each House, but failed of enactment because of slight differences on which agreement was not reached before adjournment. An appropriation act provided that the permanent Tariff Board, if created by statute, should report to Congress on Schedule K in December, 1911.

Therefore, to carry out so far as lay within my power the purposes of this bill for a permanent Tariff Board, I appointed in March, 1911, a board of five, adding two members of such party affiliation as would have fulfilled the statutory requirement, and directed them to make a report to me on Schedule K of the tariff act in December of this year.

In my message of August 17, 1911, accompanying the veto of the wool bill, I said that, in my judgment, Schedule K should be revised and the rates reduced. My veto was based on the ground that, since the Tariff Board would make, in December, a detailed report on wool and wool manufactures, with special reference to the relation of the existing rates of duties to relative costs here and abroad, public policy and a fair regard to the interests of the producers and the manufacturers on the one hand and of the consumers on the other demanded that legislation should not be hastily enacted in the absence of such information; that I was not myself possessed at that time of adequate knowledge of the facts to determine whether or not the proposed act was in accord with my pledge to support a fair and reasonable protective policy; that such legislation might prove only temporary and inflict upon a great industry the evils of continued uncertainty.

I now herewith submit a report of the Tariff Board on Schedule K. The board is unanimous in its findings. On the basis of these findings I now recommend that the Congress proceed to a consideration of this schedule with a view to its revision and a general reduction of its rates.

The report shows that the present method of assessing the duty on raw wool—this is, by a specific rate on the grease pound (i. e., unscoured)—operates to exclude wools of high shrinkage in scouring but

fine quality from the American market and thereby lessens the range of wools available to the domestic manufacturer; that the duty on scoured wool of 33 cents per pound is prohibitory and operates to exclude the importation of clean, low-priced foreign wools of inferior grades, which are nevertheless valuable material for manufacturing, and which can not be imported in the grease because of their heavy shrinkage. Such wools, if imported, might be used to displace the cheap substitutes now in use.

To make the preceding paragraph a little plainer, take the instance of a hundred pounds of first-class wool imported under the present duty, which is 11 cents a pound. That would make the duty on the hundred pounds $11. The merchantable part of the wool thus imported is the weight of the wool of this hundred pounds after scouring. If the wool shrinks 80 per cent, as some wools do, then the duty in such a case would amount to $11 on 20 pounds of scoured wool. This, of course, would be prohibitory. If the wool shrinks only 50 per cent, it would be $11 on 50 pounds of wool, and this is near to the average of the great bulk of wools that are imported from Australia, which is the principal source of our imported wool.

These discriminations could be overcome by assessing a duty in ad valorem terms, but this method is open to the objection, first, that it increases administrative difficulties and tends to decrease revenue through undervaluation; and, second, that as prices advance, the ad valorem rate increases the duty per pound at the time when the consumer most needs relief and the producer can best stand competition; while if prices decline the duty is decreased at the time when the consumer is least burdened by the price and the producer most needs protection.

Another method of meeting the difficulty of taxing the grease pound is to assess a specific duty on grease wool in terms of its scoured content. This obviates the chief evil of the present system, namely, the discrimination due to different shrinkages, and thereby tends greatly to equalize the duty. The board reports that this method is feasible in practice and could be administered without great expense. The scoured content of the wool is the basis on which users of wool make their calculations, and a duty of this kind would fit the usages of the trade. One effect of this method of assessment would be that, regardless of the rate of duty, there would be an increase in the supply and variety of wool by making available to the American market wools of both low and fine quality now excluded.

The report shows in detail the difficulties involved in attempting to state in categorical terms the cost of wool production and the great differences in cost as between different regions and different types of wool. It is found, however, that, taking all varieties in account, the

average cost of production for the whole American clip is higher than the cost in the chief competing country by an amount somewhat less than the present duty.

The report shows that the duties on noils, wool wastes, and shoddy, which are adjusted to the rate of 33 cents on scoured wool are prohibitory in the same measure that the duty on scoured wool is prohibitory. In general, they are assessed at rates as high as, or higher than, the duties paid on the clean content of wools actually imported. They should be reduced and so adjusted to the rate on wool as to bear their proper proportion to the real rate levied on the actual wool imports.

The duties on many classes of wool manufacture are prohibitory and greatly in excess of the difference in cost of production here and abroad.

This is true of tops, of yarns (with the exception of worsted yarns of a very high grade), and of low and medium grade cloth of heavy weight.

On tops up to 52 cents a pound in value, and on yarns of 65 cents in value, the rate is 100 per cent with correspondingly higher rates for lower values. On cheap and medium grade cloths, the existing rates frequently run to 150 per cent and on some cheap goods to over 200 per cent. This is largely due to that part of the duty which is levied ostensibly to compensate the manufacturer for the enhanced cost of his raw material due to the duty on wool. As a matter of fact, this compensatory duty, for numerous classes of goods, is much in excess of the amount needed for strict compensation.

On the other hand, the findings show that the duties which run to such high ad valorem equivalents are prohibitory, since the goods are not imported, but that the prices of domestic fabrics are not raised by the full amount of duty. On a set of 1-yard samples of 16 English fabrics, which are completely excluded by the present tariff rates, it was found that the total foreign value was $41.84; the duties which would have been assessed had these fabrics been imported, $76.90; the foreign value plus the amount of the duty, $118.74; or a nominal duty of 183 per cent. In fact, however, practically identical fabrics of domestic make sold at the same time at $69.75, showing an enhanced price over the foreign market value of but 67 per cent.

Although these duties do not increase prices of domestic goods by anything like their full amount, it is none the less true that such prohibitive duties eliminate the possibility of foreign competition, even in time of scarcity; that they form a temptation to monopoly and conspiracies to control domestic prices; that they are much in excess of the difference in cost of production here and abroad, and that they should be reduced to a point which accords with this principle.

The findings of the board show that in this industry the actual manufacturing cost, aside from the question of the price of materials, is much higher in this country than it is abroad; that in the making of yarn and cloth the domestic woolen or worsted manufacturer has in general no advantage in the form of superior machinery or more efficient labor to offset the higher wages paid in this country. The findings show that the cost of turning wool into yarn in this country is about double that in the leading competing country, and that the cost of turning yarn into cloth is somewhat more than double. Under the protective policy a great industry, involving the welfare of hundreds of thousands of people, has been established despite these handicaps.

In recommending revision and reduction, I therefore urge that action be taken with these facts in mind, to the end that an important and established industry may not be jeopardized.

The Tariff Board reports that no equitable method has been found to levy purely specific duties on woolen and worsted fabrics and that, excepting for a compensatory duty, the rate must be ad valorem on such manufactures. It is important to realize, however, that no flat ad valorem rate on such fabrics can be made to work fairly and effectively. Any single rate which is high enough to equalize the difference in manufacturing cost at home and abroad on highly finished goods involving such labor would be prohibitory on cheaper goods, in which the labor cost is a smaller proportion of the total value. Conversely, a rate only adequate to equalize this difference on cheaper goods would remove protection from the fine-goods manufacture, the increase in which has been one of the striking features of the trade's development in recent years. I therefore recommend that in any revision the importance of a graduated scale of ad valorem duties on cloths be carefully considered and applied.

I venture to say that no legislative body has ever had presented to it a more complete and exhaustive report than this on so difficult and complicated a subject as the relative costs of wool and woolens the world over. It is a monument to the thoroughness, industry, impartiality, and accuracy of the men engaged in its making. They were chosen from both political parties but have allowed no partisan spirit to prompt or control their inquiries. They are unanimous in their findings. I feel sure that after the report has been printed and studied the value of such a compendium of exact knowledge in respect to this schedule of the tariff will convince all of the wisdom of making such a board permanent in order that it may treat each schedule of the tariff as it has treated this, and then keep its bureau of information up to date with current changes in the economic world.

It is no part of the function of the Tariff Board to propose rates of

duty. Their function is merely to present findings of fact on which rates of duty may be fairly determined in the light of adequate knowledge in accord with the economic policy to be followed. This is what the present report does.

The findings of fact by the board show ample reason for the revision downward of Schedule K, in accord with the protective principle, and present the data as to relative costs and prices from which may be determined what rates will fairly equalize the difference in production costs. I recommend that such revision be proceeded with at once.

WM. H. TAFT.

ANNUAL MESSAGE—PART IV.

[On the financial condition of the treasury, needed banking and currency reform, and departmental questions.]

THE WHITE HOUSE, *December 21, 1911.*

To the Senate and House of Representatives:

The financial condition of the Government, as shown at the close of the last fiscal year, June 30, 1911, was very satisfactory. The ordinary receipts into the general fund, excluding postal revenues, amounted to $701,372,374.99, and the disbursements from the general fund for current expenses and capital outlays, excluding postal and Panama Canal disbursements, including the interest on the public debt, amounted to $654,137,907.89, leaving a surplus of $47,234,377.10.

The postal revenue receipts amounted to $237,879,823.60, while the payments made for the postal service from the postal revenues amounted to $237,660,705.48, which left a surplus of postal receipts over disbursements of $219,118.12, the first time in 27 years in which a surplus occurred.

The interest-bearing debt of the United States June 30, 1911, amounted to $915,353,190. The debt on which interest had ceased amounted to $1,879,830.26, and the debt bearing no interest, including greenbacks, national bank notes to be redeemed, and fractional currency, amounted to $386,751,917.43, or a total of interest and non-interest bearing debt amounting to $1,303,984,937.69.

The actual disbursements, exclusive of those for the Panama Canal and for the postal service for the year ending June 30, 1911, were $654,137,997.89. The actual disbursements for the year ending June 30, 1910, exclusive of the Panama Canal and the postal service disbursements, were $659,705,391.08, making a decrease of $5,567,393.19 in yearly expenditures in the year 1911 under that of 1910. For the

year ending June 30, 1912, the estimated receipts, exclusive of the postal revenues, are $666,000,000, while the total estimates, exclusive of those for the Panama Canal and the postal expenditures payable from the postal revenues, amount to $645,842,799.34. This is a decrease in the 1912 estimates from that of the 1911 estimates of $1,534,367.22.

For the year ending June 30, 1913, the estimated receipts, exclusive of the postal revenues, are $667,000,000, while the total estimated appropriations, exclusive of the Panama Canal and postal disbursements payable from postal revenues, will amount to $637,920,803.35. This is a decrease in the 1913 estimates from that of the 1912 estimates of $7,921,995.99.

As to the postal revenues, the expansion of the business in that department, the normal increase in the Post Office and the extension of the service, will increase the outlay to the sum of $260,938,463; but as the department was self-sustaining this year the Postmaster General is assured that next year the receipts will at least equal the expenditures, and probably exceed them by more than the surplus of this year. It is fair and equitable, therefore, in determining the economy with which the Government has been run, to exclude the transactions of a department like the Post Office Department, which relies for its support upon its receipts. In calculations heretofore made for comparison of economy in each year, it has been the proper custom only to include in the statement the deficit in the Post Office Department which was paid out of the Treasury.

A calculation of the actual increase in the expenses of Government arising from the increase in the population and the general expansion of governmental functions, except those of the Post Office, for a number of years shows a normal increase of about 4 per cent a year. By directing the exercise of great care to keep down the expenses and the estimates we have succeeded in reducing the total disbursements each year.

THE CREDIT OF THE UNITED STATES.

The credit of this Government was shown to be better than that of any other Government by the sale of the Panama Canal 3 per cent bonds. These bonds did not give their owners the privilege of using them as a basis for bank-note circulation, nor was there any other privilege extended to them which would affect their general market value. Their sale, therefore, measured the credit of the Government. The premium which was realized upon the bonds made the actual interest rate of the transaction 2.909 per cent.

EFFICIENCY AND ECONOMY IN THE TREASURY DEPARTMENT.

In the Treasury Department the efficiency and economy work has been kept steadily up. Provision is made for the elimination of 134 positions during the coming year. Two hundred and sixty-seven statutory positions were eliminated during the last year in the office of the Treasury in Washington, and 141 positions in the year 1910, making an elimination of 542 statutory positions since March 4, 1909; and this has been done without the discharge of anybody, because the normal resignations and deaths have been equal to the elimination of the places, a system of transfers having taken care of the persons whose positions were dropped out. In the field service of the department, too, 1,259 positions have been eliminated down to the present time, making a total net reduction of all Treasury positions to the number of 1,801. Meantime the efficiency of the work of the department has increased.

MONETARY REFORM.

A matter of first importance that will come before Congress for action at this session is monetary reform. The Congress has itself arranged an early introduction of this great question through the report of its Monetary Commission. This commission was appointed to recommend a solution of the banking and currency problems so long confronting the Nation and to furnish the facts and data necessary to enable the Congress to take action. The commission was appointed when an impressive and urgent popular demand for legislative relief suddenly arose out of the distressing situation of the people caused by the deplorable panic of 1907. The Congress decided that while it could not give immediately the relief required, it would provide a commission to furnish the means for prompt action at a later date.

In order to do its work with thoroughness and precision this commission has taken some time to make its report. The country is undoubtedly hoping for as prompt action on the report as the convenience of the Congress can permit. The recognition of the gross imperfections and marked inadequacy of our banking and currency system even in our most quiet financial periods is of long standing; and later there has matured a recognition of the fact that our system is responsible for the extraordinary devastation, waste, and business paralysis of our recurring periods of panic. Though the members of the Monetary Commission have for a considerable time been working in the open, and while large numbers of the people have been openly working with them, and while the press has largely noted and discussed this work as it has proceeded, so that the report of the

commission promises to represent a national movement, the details of the report are still being considered. I can not, therefore, do much more at this time than commend the immense importance of monetary reform, urge prompt consideration and action when the commission's report is received, and express my satisfaction that the plan to be proposed promises to embrace main features that, having met the approval of a great preponderance of the practical and professional opinion of the country, are likely to meet equal approval in Congress.

It is exceedingly fortunate that the wise and undisputed policy of maintaining unchanged the main features of our banking system rendered it at once impossible to introduce a central bank; for a central bank would certainly have been resisted, and a plan into which it could have been introduced would probably have been defeated. But as a central bank could not be a part of the only plan discussed or considered, that troublesome question is eliminated. And ingenious and novel as the proposed National Reserve Association appears, it simply is a logical outgrowth of what is best in our present system, and is, in fact, the fulfillment of that system.

Exactly how the management of that association should be organized is a question still open. It seems to be desirable that the banks which would own the association should in the main manage it. It will be an agency of the banks to act for them, and they can be trusted better than anybody else chiefly to conduct it. It is mainly bankers' work. But there must be some form of Government supervision and ultimate control, and I favor a reasonable representation of the Government in the management. I entertain no fear of the introduction of politics or of any undesirable influences from a properly measured Government representation.

I trust that all banks of the country possessing the requisite standards will be placed upon a footing of perfect equality of opportunity. Both the National system and the State system should be fairly recognized, leaving them eventually to coalesce if that shall prove to be their tendency. But such evolution can not develop impartially if the banks of one system are given or permitted any advantages of opportunity over those of the other system. And I trust also that the new legislation will carefully and completely protect and assure the individuality and the independence of each bank, to the end that any tendency there may ever be toward a consolidation of the money or banking power of the Nation shall be defeated.

It will always be possible, of course, to correct any features of the new law which may in practice prove to be unwise; so that while this law is sure to be enacted under conditions of unusual knowledge and authority, it also will include, it is well to remember, the possibility of future amendment.

With the present prospects of this long-awaited reform encouraging us, it would be singularly unfortunate if this monetary question should by any chance become a party issue. And I sincerely hope it will not. The exceeding amount of consideration it has received from the people of the Nation has been wholly nonpartisan; and the Congress set its nonpartisan seal upon it when the Monetary Commission was appointed. In commending the question to the favorable consideration of Congress, I speak for, and in the spirit of, the great number of my fellow citizens who without any thought of party or partisanship feel with remarkable earnestness that this reform is necessary to the interests of all the people.

THE WAR DEPARTMENT.

There is now before Congress a bill, the purpose of which is to increase the efficiency and decrease the expense of the Army. It contains four principal features: First, a consolidation of the General Staff with the Adjutant General's and the Inspector General's Departments; second, a consolidation of the Quartermaster's Department with the Subsistence and the Pay Departments; third, the creation of an Army Service Corps; and fourth, an extension of the enlistment period from three to five years.

With the establishment of an Army Service Corps, as proposed in the bill, I am thoroughly in accord and am convinced that the establishment of such a corps will result in a material economy and a very great increase of efficiency in the Army. It has repeatedly been recommended by me and my predecessors. I also believe that a consolidation of the Staff Corps can be made with a resulting increase in efficiency and economy, but not along the lines provided in the bill under consideration.

I am opposed to any plan the result of which would be to break up or interfere with the essential principles of the detail system in the Staff Corps established by the act of February 2, 1901, and I am opposed to any plan the result of which would be to give to the officer selected as Chief of Staff or to any other member of the General Staff Corps greater permanency of office than he now has. Under the existing law neither the Chief of Staff nor any other member of the General Staff Corps can remain in office for a period of more than four years, and there must be an interval of two years between successive tours of duty.

The bill referred to provides that certain persons shall become permanent members of the General Staff Corps, and that certain others are subject to redetail without an interval of two years. Such provision is fraught with danger to the welfare of the Army, and

would practically nullify the main purpose of the law creating the General Staff.

In making the consolidations no reduction should be made in the total number of officers of the Army, of whom there are now too few to perform the duties imposed by law. I have in the past recommended an increase in the number of officers by 600 in order to provide sufficient officers to perform all classes of staff duty and to reduce the number of line officers detached from their commands. Congress at the last session increased the total number of officers by 200, but this is not enough. Promotion in the line of the Army is too slow. Officers do not attain command rank at an age early enough properly to exercise it. It would be a mistake further to retard this already slow promotion by throwing back into the line of the Army a number of high-ranking officers to be absorbed as is provided in the proposed plan of consolidation.

Another feature of the bill which I believe to be a mistake is the proposed increase in the term of enlistment from three to five years. I believe it would be better to enlist men for six years, release them at the end of three years from active service, and put them in reserve for the remaining three years. Reenlistments should be largely confined to the noncommissioned officers and other enlisted men in the skilled grades. This plan, by the payment of a comparatively small compensation during the three years of reserve, would keep a large body of men at the call of the Government, trained and ready for service, and able to meet any exigency.

The Army of the United States is in good condition. It showed itself able to meet an emergency in the successful mobilization of an army division of from 15,000 to 20,000 men, which took place along the border of Mexico during the recent disturbances in that country. The marvelous freedom from the ordinary camp diseases of typhoid fever and measles is referred to in the report of the Secretary of War, and shows such an effectiveness in the sanitary regulations and treatment of the Medical Corps, and in the discipline of the Army itself, as to invoke the highest commendation.

MEMORIAL AMPHITHEATER AT ARLINGTON.

I beg to renew my recommendation of last year that the Congress appropriate for a memorial amphitheater at Arlington, Va., the funds required to construct it upon the plans already approved.

THE PANAMA CANAL.

The very satisfactory progress made on the Panama Canal last year has continued, and there is every reason to believe that the canal

will be completed as early as the 1st of July, 1913, unless something unforeseen occurs. This is about 18 months before the time promised by the engineers.

We are now near enough the completion of the canal to make it imperatively necessary that legislation should be enacted to fix the method by which the canal shall be maintained and controlled and the zone governed. The fact is that to-day there is no statutory law by authority of which the President is maintaining the government of the zone. Such authority was given in an amendment to the Spooner Act, which expired by the terms of its own limitation some years ago. Since that time the government has continued, under the advice of the Attorney General that in the absence of action by Congress, there is necessarily an implied authority on the part of the Executive to maintain a government in a territory in which he has to see that the laws are executed. The fact that we have been able thus to get along during the important days of construction without legislation expressly formulating the government of the zone, or delegating the creation of it to the President, is not a reason for supposing that we may continue the same kind of a government after the construction is finished. The implied authority of the President to maintain a civil government in the zone may be derived from the mandatory direction given him in the original Spooner Act, by which he was commanded to build the canal; but certainly, now that the canal is about to be completed and to be put under a permanent management, there ought to be specific statutory authority for its regulation and control and for the government of the zone, which we hold for the chief and main purpose of operating the canal.

I fully concur with the Secretary of War that the problem is simply the management of a great public work, and not the government of a local republic; that every provision must be directed toward the successful maintenance of the canal as an avenue of commerce, and that all provisions for the government of those who live within the zone should be subordinate to the main purpose.

The zone is 40 miles long and 10 miles wide. Now, it has a population of 50,000 or 60,000, but as soon as the work of construction is completed, the towns which make up this population will be deserted, and only comparatively few natives will continue their residence there. The control of them ought to approximate a military government. One judge and two justices of the peace will be sufficient to attend to all the judicial and litigated business there is. With a few fundamental laws of Congress, the zone should be governed by the orders of the President, issued through the War Department, as it is to-day. Provisions can be made for the guaranties of life, liberty, and property, but beyond those, the government should be that of a

military reservation, managed in connection with this great highway of trade.

FURNISHING SUPPLIES AND REPAIRS.

In my last annual message I discussed at length the reasons for the Government's assuming the task of furnishing to all ships that use the canal, whether our own naval vessels or others, the supplies of coal and oil and other necessities with which they must be replenished either before or after passing through the canal, together with the dock facilities and repairs of every character. This it is thought wise to do through the Government, because the Government must establish for itself, for its own naval vessels, large depots and dry docks and warehouses, and these may easily be enlarged so as to secure to the world public using the canal reasonable prices and a certainty that there will be no discrimination between those who wish to avail themselves of such facilities.

TOLLS.

I renew my recommendation with respect to the tolls of the canal that within limits, which shall seem wise to Congress, the power of fixing tolls be given to the President. In order to arrive at a proper conclusion, there must be some experimenting, and this can not be done if Congress does not delegate the power to one who can act expeditiously.

POWER EXISTS TO RELIEVE AMERICAN SHIPPING.

I am very confident that the United States has the power to relieve from the payment of tolls any part of our shipping that Congress deems wise. We own the canal. It was our money that built it. We have the right to charge tolls for its use. Those tolls must be the same to everyone; but when we are dealing with our own ships, the practice of many Governments of subsidizing their own merchant vessels is so well established in general that a subsidy equal to the tolls, an equivalent remission of tolls, can not be held to be a discrimination in the use of the canal. The practice in the Suez Canal makes this clear. The experiment in tolls to be made by the President would doubtless disclose how great a burden of tolls the coastwise trade between the Atlantic and the Pacific coast could bear without preventing its usefulness in competition with the transcontinental railroads. One of the chief reasons for building the canal was to set up this competition and to bring the two shores closer together as a practical trade problem. It may be that the tolls will have to be wholly remitted. I do not think this is the best principle, because I believe that the cost of such a Government work as the Panama Canal ought

to be imposed gradually but certainly upon the trade which it creates and makes possible. So far as we can, consistent with the development of the world's trade through the canal, and the benefit which it was intended to secure to the east and west coastwise trade, we ought to labor to secure from the canal tolls a sufficient amount ultimately to meet the debt which we have assumed and to pay the interest.

THE PHILIPPINE ISLANDS.

In respect to the Philippines, I urgently join in the recommendation of the Secretary of War that the act of February 6, 1905, limiting the indebtedness that may be incurred by the Philippine Government for the construction of public works, be increased from $5,000,000 to $15,000,000. The finances of that Government are in excellent condition. The maximum sum mentioned is quite low as compared with the amount of indebtedness of other governments with similar resources, and the success which has attended the expenditure of the $5,000,000 in the useful improvements of the harbors and other places in the Islands justifies and requires additional expenditures for like purposes.

NATURALIZATION.

I also join in the recommendation that the legislature of the Philippine Islands be authorized to provide for the naturalization of Filipinos and others who by the present law are treated as aliens, so as to enable them to become citizens of the Philippine Islands.

FRIARS' LANDS.

Pending an investigation by Congress at its last session, through one of its committees, into the disposition of the friars' lands, Secretary Dickinson directed that the friars' lands should not be sold in excess of the limits fixed for the public lands until Congress should pass upon the subject or should have concluded its investigation. This order has been an obstruction to the disposition of the lands, and I expect to direct the Secretary of War to return to the practice under the opinion of the Attorney General which will enable us to dispose of the lands much more promptly, and to prepare a sinking fund with which to meet the $7,000,000 of bonds issued for the purchase of the lands. I have no doubt whatever that the Attorney General's construction was a proper one, and that it is in the interest of everyone that the land shall be promptly disposed of. The danger of creating a monopoly of ownership in lands under the statutes as construed is nothing. There are only two tracts of 60,000 acres each unimproved and in remote Provinces that are likely to be disposed of in bulk, and

the rest of the lands are subject to the limitation that they shall be first offered to the present tenants and lessors who hold them in small tracts.

RIVERS AND HARBORS.

The estimates for the river and harbor improvements reach $32,000,000 for the coming year. I wish to urge that whenever a project has been adopted by Congress as one to be completed, the more money which can be economically expended in its construction in each year, the greater the ultimate economy. This has especial application to the improvement of the Mississippi River and its large branches. It seems to me that an increase in the amount of money now being annually expended in the improvement of the Ohio River which has been formally adopted by Congress would be in the interest of the public. A similar change ought to be made during the present Congress, in the amount to be appropriated for the Missouri River. The engineers say that the cost of the improvement of the Missouri River from Kansas City to St. Louis, in order to secure 6 feet as a permanent channel, will reach $20,000,000. There have been at least three recommendations from the Chief of Engineers that if the improvement be adopted, $2,000,000 should be expended upon it annually. This particular improvement is especially entitled to the attention of Congress, because a company has been organized in Kansas City, with a capital of $1,000,000, which has built steamers and barges, and is actually using the river for transportation in order to show what can be done in the way of affecting rates between Kansas City and St. Louis, and in order to manifest their good faith and confidence in respect of the improvement. I urgently recommend that the appropriation for this improvement be increased from $600,000, as recommended now in the completion of a contract, to $2,000,000 annually, so that the work may be done in 10 years.

WATERWAY FROM THE LAKES TO THE GULF.

The project for a navigable waterway from Lake Michigan to the mouth of the Illinois River, and thence via the Mississippi to the Gulf of Mexico, is one of national importance. In view of the work already accomplished by the Sanitary District of Chicago, an agency of the State of Illinois, which has constructed the most difficult and costly stretch of this waterway and made it an asset of the Nation, and in view of the fact that the people of Illinois have authorized the expenditure of $20,000,000 to carry this waterway 62 miles farther to Utica, I feel that it is fitting that this work should be supplemented by the Government, and that the expenditures recommended by the special board of engineers on the waterway from Utica to the mouth

of the Illinois River be made upon lines which while providing a waterway for the Nation should otherwise benefit that State to the fullest extent. I recommend that the term of service of said special board of engineers be continued, and that it be empowered to reopen the question of the treatment of the lower Illinois River, and to negotiate with a properly constituted commission representing the State of Illinois, and to agree upon a plan for the improvement of the lower Illinois River and upon the extent to which the United States may properly cooperate with the State of Illinois in securing the construction of a navigable waterway from Lockport to the mouth of the Illinois River in conjunction with the development of water power by that State between Lockport and Utica.

THE DEPARTMENT OF JUSTICE.

Removal of clerks of Federal courts.

The report of the Attorney General shows that he has subjected to close examination the accounts of the clerks of the Federal courts: that he has found a good many which disclose irregularities or dishonesty; but that he has had considerable difficulty in securing an effective prosecution or removal of the clerks thus derelict. I am certainly not unduly prejudiced against the Federal courts, but the fact is that the long and confidential relations which grow out of the tenure for life on the part of the judge and the practical tenure for life on the part of the clerk are not calculated to secure the strictness of dealing by the judge with the clerk in respect to his fees and accounts which assures in the clerk's conduct a freedom from overcharges and carelessness. The relationship between the judge and the clerk makes it ungracious for members of the bar to complain of the clerk or for department examiners to make charges against him to be heard by the court, and an order of removal of a clerk and a judgment for the recovery of fees are in some cases reluctantly entered by the judge. For this reason I recommend an amendment to the law whereby the President shall be given power to remove the clerks for cause. This provision need not interfere with the right of the judge to appoint his clerk or to remove him.

French spoliation awards.

In my last message, I recommended to Congress that it authorize the payment of the findings or judgments of the Court of Claims in the matter of the French spoliation cases. There has been no appropriation to pay these judgments since 1905. The findings and awards were obtained after a very bitter fight, the Government succeeding in

about 75 per cent of the cases. The amount of the awards ought, as a matter of good faith on the part of the Government, to be paid.

EMPLOYERS' LIABILITY AND WORKMEN'S COMPENSATION COMMISSION.

The limitation of the liability of the master to his servant for personal injuries to such as are occasioned by his fault has been abandoned in most civilized countries and provision made whereby the employee injured in the course of his employment is compensated for his loss of working ability irrespective of negligence. The principle upon which such provision proceeds is that accidental injuries to workmen in modern industry, with its vast complexity and inherent dangers arising from complicated machinery and the use of the great forces of steam and electricity, should be regarded as risks of the industry and the loss borne in some equitable proportion by those who for their own profit engage therein. In recognition of this the last Congress authorized the appointment of a commission to investigate the subject of employers' liability and workmen's compensation and to report the result of their investigations, through the President, to Congress. This commission was appointed and has been at work, holding hearings, gathering data, and considering the subject, and it is expected will be able to report by the first of the year, in accordance with the provisions of the law. It is hoped and expected that the commission will suggest legislation which will enable us to put in the place of the present wasteful and sometimes unjust system of employers' liability a plan of compensation which will afford some certain and definite relief to all employees who are injured in the course of their employment in those industries which are subject to the regulating power of Congress.

MEASURES TO PREVENT DELAY AND UNNECESSARY COST OF LITIGATION.

In promotion of the movement for the prevention of delay and unnecessary cost, in litigation, I am glad to say that the Supreme Court has taken steps to reform the present equity rules of the Federal courts, and that we may in the near future expect a revision of them which will be a long step in the right direction.

The American Bar Association has recommended to Congress several bills expediting procedure, one of which has already passed the House unanimously, February 6, 1911. This directs that no judgment should be set aside or reversed, or new trial granted, unless it appears to the court, after an examination of the entire cause, that the error complained of has injuriously affected the substantial rights of the parties, and also provides for the submission of issues of fact to a jury, reserving questions of law for subsequent argument and

decision. I hope this bill will pass the Senate and become law, for it will simplify the procedure at law.

Another bill to amend chapter 11 of the Judicial Code, in order to avoid errors in pleading, was presented by the same association, and one enlarging the jurisdiction of the Supreme Court so as to permit that court to examine, upon a writ of error, all cases in which any right or title is claimed under the Constitution, or any statute or treaty of the United States, whether the decision in the court below has been against the right or title or in its favor. Both these measures are in the interest of justice and should be passed.

POST OFFICE.

At the beginning of the present administration in 1909 the postal service was in arrears to the extent of $17,479,770.47. It was very much the largest deficit on record. In the brief space of two years this has been turned into a surplus of $220,000, which has been accomplished without curtailment of the postal facilities, as may be seen by the fact that there have been established 3,744 new post offices; delivery by carrier has been added to the service in 186 cities; 2,516 new rural routes have been established, covering 60,000 miles; the force of postal employees has been increased in these two years by more than 8,000, and their average annual salary has had a substantial increase.

POSTAL-SAVINGS SYSTEM.

On January 3, 1911, postal-savings depositories were established experimentally in 48 States and Territories. After three months' successful operation the system was extended as rapidly as feasible to the 7,500 post offices of the first, second, and third classes constituting the presidential grade. By the end of the year practically all of these will have been designated and then the system will be extended to all fourth-class post offices doing a money-order business.

In selecting post offices for depositories consideration was given to the efficiency of the postmasters and only those offices where the ratings were satisfactory to the department have been designated. Withholding designation from postmasters with unsatisfactory ratings has had a salutary effect on the service.

The deposits have kept pace with the extension of the system. Amounting to only $60,652 at the end of the first month's operation in the experimental offices, they increased to $679,310 by July, and now after 11 months of operation have reached a total of $11,000,000. This sum is distributed among 2,710 banks and protected under the law by bonds deposited with the Treasurer of the United States.

Under the method adopted for the conduct of the system certificates are issued as evidence of deposits, and accounts with depositors are kept by the post offices instead of by the department. Compared with the practice in other countries of entering deposits in pass books and keeping at the central office a ledger account with each depositor, the use of the certificate has resulted in great economy of administration.

The depositors thus far number approximately 150,000. They include 40 nationalities, native Americans largely predominating and English and Italians coming next.

The first conversion of deposits into United States bonds bearing interest at the rate of 2½ per cent occurred on July 1, 1911, the amount of deposits exchanged being $41,900, or a little more than 6 per cent of the total outstanding certificates of deposit on June 30. Of this issue, bonds to the value of $6,120 were in coupon form and $35,780 in registered form.

PARCEL POST.

Steps should be taken immediately for the establishment of a rural parcel post. In the estimates of appropriations needed for the maintenance of the postal service for the ensuing fiscal year an item of $150,000 has been inserted to cover the preliminary expense of establishing a parcel post on rural mail routes, as well as to cover an investigation having for its object the final establishment of a general parcel post on all railway and steamboat transportation routes. The department believes that after the initial expenses of establishing the system are defrayed and the parcel post is in full operation on the rural routes it will not only bring in sufficient revenue to meet its cost, but also a surplus that can be utilized in paying the expenses of a parcel post in the City Delivery Service.

It is hoped that Congress will authorize the immediate establishment of a limited parcel post on such rural routes as may be selected, providing for the delivery along the routes of parcels not exceeding eleven pounds, which is the weight limit for the international parcel post, or at the post office from which such route emanates, or on another route emanating from the same office. Such preliminary service will prepare the way for the more thorough and comprehensive inquiry contemplated in asking for the appropriation mentioned, enable the department to gain definite information concerning the practical operation of a general system, and at the same time extend the benefit of the service to a class of people who, above all others, are specially in need of it.

The suggestion that we have a general parcel post has awakened great opposition on the part of some who think that it will have the effect to destroy the business of the country storekeeper. Instead of doing this, I think the change will greatly increase business for the

benefit of all. The reduction in the cost of living it will bring about ought to make its coming certain.

THE NAVY DEPARTMENT.

On the 2d of November last, I reviewed the fighting fleet of battleships and other vessels assembled in New York Harbor, consisting of 24 battleships, 2 armored cruisers, 2 cruisers, 22 destroyers, 12 torpedo boats, 8 submarines, and other attendant vessels, making 98 vessels of all classes, of a tonnage of 576,634 tons. Those who saw the fleet were struck with its preparedness and with its high military efficiency. All Americans should be proud of its personnel.

The fleet was deficient in the number of torpedo destroyers, in cruisers, and in colliers, as well as in large battleship cruisers, which are now becoming a very important feature of foreign navies, notably the British, German, and Japanese.

The building plan for this year contemplates two battleships and two colliers. This is because the other and smaller vessels can be built much more rapidly in case of emergency than the battleships, and we certainly ought to continue the policy of two battleships a year until after the Panama Canal is finished and until in our first line and in our reserve line we can number 40 available vessels of proper armament and size.

The reorganization of the Navy and the appointment of four aids to the Secretary have continued to demonstrate their usefulness. It would be difficult now to administer the affairs of the Navy without the expert counsel and advice of these aids, and I renew the recommendation which I made last year, that the aids be recognized by statute.

It is certain that the Navy, with its present size, should have admirals in active command higher than rear admirals. The recognized grades in order are: Admiral of the fleet, admiral, vice admiral, and rear admiral. Our great battleship fleet is commanded by a rear admiral, with four other rear admirals under his orders. This is not as it should be, and when questions of precedence arise between our naval officers and those of European navies, the American rear admiral, though in command of ten times the force of a foreign vice admiral, must yield precedence to the latter. Such an absurdity ought not to prevail, and it can be avoided by the creation of two or three positions of flag rank above that of rear admiral.

I attended the opening of the new training school at North Chicago, Ill., and am glad to note the opportunity which this gives for drawing upon young men of the country from the interior, from farms, stores, shops, and offices, which insures a high average of intelligence and character among them, and which they showed in the very wonderful

improvement in discipline and drill which only a few short weeks' presence at the naval station had made.

I invite your attention to the consideration of the new system of detention and of punishment for Army and Navy enlisted men which has obtained in Great Britain, and which has made greatly for the better control of the men. We should adopt a similar system here.

Like the Treasury Department and the War Department, the Navy Department has given much attention to economy in administration, and has cut down a number of unnecessary expenses and reduced its estimates except for construction and the increase that that involves.

I urge upon Congress the necessity for an immediate increase of 2,000 men in the enlisted strength of the Navy, provided for in the estimates. Four thousand more are now needed to man all the available vessels.

There are in the service to-day about 47,750 enlisted men of all ratings.

Careful computation shows that in April, 1912, 49,166 men will be required for vessels in commission, and 3,000 apprentice seamen should be kept under training at all times.

ABOLITION OF NAVY YARDS.

The Secretary of the Navy has recommended the abolition of certain of the smaller and unnecessary navy yards, and in order to furnish a complete and comprehensive report has referred the question of all navy yards to the joint board of the Army and Navy. This board will shortly make its report and the Secretary of the Navy advises me that his recommendations on the subject will be presented early in the coming year. The measure of economy contained in a proper handling of this subject is so great and so important to the interests of the Nation that I shall present it to Congress as a separate subject apart from my annual message. Concentration of the necessary work for naval vessels in a few navy yards on each coast is a vital necessity if proper economy in Government expenditures is to be attained.

AMALGAMATION OF STAFF CORPS IN THE NAVY.

The Secretary of the Navy is striving to unify the various corps of the Navy to the extent possible and thereby stimulate a Navy spirit as distinguished from a corps spirit. In this he has my warm support.

All officers are to be naval officers first and specialists afterwards. This means that officers will take up at least one specialty, such as ordnance, construction, or engineering. This is practically what is done now, only some of the specialists, like the pay officers and naval

constructors, are not of the line. It is proposed to make them all of the line.

All combatant corps should obviously be of the line. This necessitates amalgamating the pay officers and also those engaged in the technical work of producing the finished ship. This is at present the case with the single exception of the naval constructors, whom it is now proposed to amalgamate with the line.

COUNCIL OF NATIONAL DEFENSE.

I urge again upon Congress the desirability of establishing the council of national defense. The bill to establish this council was before Congress last winter, and it is hoped that this legislation will pass during the present session. The purpose of the council is to determine the general policy of national defense and to recommend to Congress and to the President such measures relating to it as it shall deem necessary and expedient.

No such machinery is now provided by which the readiness of the Army and Navy may be improved and the programs of military and naval requirements shall be coordinated and properly scrutinized with a view of the necessities of the whole Nation rather than of separate departments.

DEPARTMENTS OF AGRICULTURE AND COMMERCE AND LABOR.

For the consideration of matters which are pending or have been disposed of in the Agricultural Department and in the Department of Commerce and Labor, I refer to the very excellent reports of the Secretaries of those departments. I shall not be able to submit to Congress until after the Christmas holidays the question of conservation of our resources arising in Alaska and the West and the question of the rate for second-class mail matter in the Post Office Department.

COMMISSION ON EFFICIENCY AND ECONOMY.

The law does not require the submission of the reports of the Commission on Economy and Efficiency until the 31st of December. I shall therefore not be able to submit a report of the work of that commission until the assembling of Congress after the holidays.

CIVIL RETIREMENT AND CONTRIBUTORY PENSION SYSTEM.

I have already advocated, in my last annual message, the adoption of a civil-service retirement system, with a contributory feature to it so as to reduce to a minimum the cost to the Government of the pensions to be paid. After considerable reflection, I am very much opposed to

a pension system that involves no contribution from the employees. I think the experience of other governments justifies this view; but the crying necessity for some such contributory system, with possibly a preliminary governmental outlay, in order to cover the initial cost and to set the system going at once while the contributions are accumulating, is manifest on every side. Nothing will so much promote the economy and efficiency of the Government as such a system.

ELIMINATION OF ALL LOCAL OFFICES FROM POLITICS.

I wish to renew again my recommendation that all the local offices throughout the country, including collectors of internal revenue, collectors of customs, postmasters of all four classes, immigration commissioners and marshals, should be by law covered into the classified service, the necessity for confirmation by the Senate be removed, and the President and the others, whose time is now taken up in distributing this patronage under the custom that has prevailed since the beginning of the Government in accordance with the recommendation of the Senators and Congressmen of the majority party, should be relieved from this burden. I am confident that such a change would greatly reduce the cost of administering the Government, and that it would add greatly to its efficiency. It would take away the power to use the patronage of the Government for political purposes. When officers are recommended by Senators and Congressmen from political motives and for political services rendered, it is impossible to expect that while in office the appointees will not regard their tenure as more or less dependent upon continued political service for their patrons, and no regulations, however stiff or rigid, will prevent this, because such regulations, in view of the method and motive for selection, are plainly inconsistent and deemed hardly worthy of respect.

WM. H. TAFT.

SPECIAL MESSAGE.

[On economy and efficiency in the Government service.]

THE WHITE HOUSE, *January 17, 1912.*

To the Senate and House of Representatives:

I submit for the information of the Congress this report of progress made in the inquiry into the efficiency and economy of the methods of transacting public business.

Efficiency and economy in the Government service have been demanded with increasing insistence for a generation. Real economy

is the result of efficient organization. By perfecting the organization the same benefits may be obtained at less expense. A reduction in the total of the annual appropriations is not in itself a proof of economy, since it is often accompanied by a decrease in efficiency. The needs of the Nation may demand a large increase of expenditure, yet to keep the total appropriations within the expected revenue is necessary to the maintenance of public credit.

Upon the President must rest a large share of the responsibility for the demands made upon the Treasury for the current administration of the executive branch of the Government. Upon the Congress must rest responsibility for those grants of public funds which are made for other purposes.

REASON FOR THE INQUIRY.

Recognizing my share of responsibility for efficient and economical administration, I have endeavored during the past two years, with the assistance of heads of departments, to secure the best results. As one of the means to this end I requested a grant from Congress to make my efforts more effective.

An appropriation of $100,000 was made June 25, 1910, "to enable the President to inquire into the methods of transacting the public business of the executive departments and other Government establishments and to recommend to Congress such legislation as may be necessary to carry into effect changes found to be desirable that can not be accomplished by Executive action alone." I have been given this fund to enable me to take action and to make specific recommendations with respect to the details of transacting the business of an organization whose activities are almost as varied as those of the entire business world. The operations of the Government affect the interest of every person living within the jurisdiction of the United States. Its organization embraces stations and centers of work located in every city and in many local subdivisions of the country. Its gross expenditures amount to nearly $1,000,000,000 annually. Including the personnel of the Military and Naval Establishments, more than 400,000 persons are required to do the work imposed by law upon the executive branch of the Government.

MAGNITUDE OF THE TASK.

This vast organization has never been studied in detail as one piece of administrative mechanism. Never have the foundations been laid for a thorough consideration of the relations of all of its parts. No comprehensive effort has been made to list its multifarious activities or to group them in such a way as to present a clear picture of what the Government is doing. Never has a complete description been

given of the agencies through which these activities are performed. At no time has the attempt been made to study all of these activities and agencies with a view to the assignment of each activity to the agency best fitted for its performance, to the avoidance of duplication of plant and work, to the integration of all administrative agencies of the Government, so far as may be practicable, into a unified organization for the most effective and economical dispatch of public business.

FIRST COMPLETE INVESTIGATION.

Notwithstanding that voluminous reports are compiled annually and presented to the Congress, no satisfactory statement has ever been published of the financial transactions of the Government as a whole. Provision is made for due accountability for all moneys coming into the hands of officers of the Government, whether as collectors of revenue or disbursing agents, and for insuring that authorizations for expenditures as made by law shall not be exceeded. But no general system has ever been devised for reporting and presenting information regarding the character of the expenditures made, in such a way as to reveal the actual costs entailed in the operation of individual services and in the performance of particular undertakings; nor in such a way as to make possible the exercise of intelligent judgment regarding the discretion displayed in making expenditure and concerning the value of the results obtained when contrasted with the sacrifices required. Although earnest efforts have been put forth by administrative officers and though many special inquiries have been made by the Congress, no exhaustive investigation has ever before been instituted concerning the methods employed in the transaction of public business with a view to the adoption of the practices and procedure best fitted to secure the transaction of such business with maximum dispatch, economy, and efficiency.

With large interests at stake the Congress and the Administration have never had all the information which should be currently available if the most intelligent direction is to be given to the business in hand.

I am convinced that results which are really worth while can not be secured, or at least can be secured only in small part, through the prosecution at irregular intervals of special inquiries bearing on particular services or features of administration. The benefits thus obtained must be but temporary. The problem of good administration is not one that can be solved at one time. It is a continuously present one.

PLAN OF THE WORK.

In accordance with my instructions, the Commission on Economy and Efficiency, which I organized to aid me in the inquiry, has directed its efforts primarily to the formulation of concrete recommendations

looking to the betterment of the fundamental conditions under which governmental operations must be carried on. With a basis thus laid, it has proceeded to the prosecution of detailed studies of individual services and classes of work, and of particular practices and methods, pushing these studies as far, and covering as many points and services, as the resources and time at its disposal have permitted.

In approaching its task it has divided the work into five fields of inquiry having to do respectively with organization, personnel, business methods, accounting and reporting, and the budget.

ORGANIZATION.

I have stated that the Congress, the President, and the administrative officers are attempting to discharge the duties with which they are intrusted without full information as to the agencies through which the work of the Government is being performed. To provide more complete information on this point the commission has submitted to me a report on the organization of the Government as it existed July 1, 1911. This report, which is transmitted herewith, shows in great detail, by means of outlines, not only the departments, commissions, bureaus, and offices through which the Government performs its varied activities, but also the sections, shops, field stations, etc., constituting the subordinate divisions through which the work is actually done. It shows for the services at Washington each such final unit as a laboratory, library, shop, and administrative subdivision; and for the services outside of Washington each station and point at which any activity of the Government is carried on.

OUTLINES OF ORGANIZATION.

From these outlines it is possible to determine not only how each department, bureau, and operating unit, such as a navy yard, is organized, but also, by classifying these units by character and geographical location, the number of units of a like character that exist at Washington, and the number and character of services of the Government in each city or other point in the United States. With this information available, it is possible to study any particular activity or the problem of maintaining services at any given city or point.

Information of this character has never before been available. Administrative officials have been called upon to discharge their duties without that full knowledge of the machinery under their direction which is so necessary to the exercise of effective control; much less have they had information regarding agencies in other services that might be made use of. Under such circumstances each service is compelled to rely upon itself, to build up its own organization, and to provide its own facilities regardless of those in existence elsewhere.

This outline has been prepared on the loose-leaf system, so that it is possible to keep it revised to date at little or no expense. The outline thus constitutes a work of permanent value.

COMPREHENSIVE PLAN OF ORGANIZATION.

With this outline as a basis, the commission has entered upon the preparation of three series of reports. The first series deals with the manner in which the services of the Government should be grouped in departments. This is a matter of fundamental importance. It is only after a satisfactory solution of this problem that many important measures of reform become possible. Only by grouping services according to their character can substantial progress be made in eliminating duplication of work and plant and proper working relations be established between services engaged in similar activities. Until the head of a department is called upon to deal exclusively with matters falling in but one or a very few distinct fields, effective supervision and control is impossible. As long as the same department embraces services so diverse in character as those of life saving and the management of public finances, standardization of accounting methods and of other business practices is exceedingly difficult of attainment.

So dependent are other reforms upon the proper grouping of services that I have instructed the commission to indicate in its report the changes which should be made in the existing organization and to proceed in the same way as would far-seeing architects or engineers in planning for the improvement and development of a great city. My desire is to secure and to furnish to the Congress a scheme of organization that can be used as a basis of discussion and action for years to come.

In the past services have been created one by one as exigencies have seemed to demand, with little or no reference to any scheme of organization of the Government as a whole. I am convinced that the time has come when the Government should take stock of all its activities and agencies and formulate a comprehensive plan with reference to which future changes may be made. The report of the commission is being prepared with this idea in mind. When completed it will be transmitted to the Congress. The recommendations will be of such a character that they can be acted upon one by one if they commend themselves to the Congress and as action in regard to any one of them is deemed to be urgent.

REPORTS ON PARTICULAR SERVICES.

The second and third series of reports deal, respectively, with the organization and activities of particular services, and the form of organization for the performance of particular business operations.

One of the reports of the second series is upon the Revenue-Cutter Service, which costs the Government over two and a half million dollars each year. In the opinion of the commission its varied activities can be performed with equal, or greater, advantage by other services. The commission, therefore, recommends that it be abolished. It is estimated that by so doing a saving of not less than $1,000,000 a year can be made.

Another report illustrating the second series recommends that the Lighthouse and Life-Saving Services be administered by a single bureau instead of as at present by two bureaus located in different departments. These services have much in common. Geographically, they are similarly located; administratively, they have many of the same problems. It is estimated that consolidation would result in a saving of not less than $100,000 annually.

In a third report the commission has recommended the abolition of the Returns Office of the Department of the Interior. This action, in its opinion, will cause no loss in service to the public and will result in a direct saving of not less than $25,000 a year, in addition to a large indirect economy in the reduction of work to be performed in the several offices.

In another report the commission has recommended the consolidation of the six auditing offices of the Treasury and the inclusion in the auditing system of the seven naval officers who now audit customs accounts at the principal ports. The changes recommended will improve in many ways the auditing of public accounts and will result in an immediate saving of at least $135,000 annually.

GENERAL TECHNICAL SERVICES.

A third series of reports is being prepared on those branches of the organization which are technical in character and which exist for the service of the Government as a whole—branches which have to do with such matters as public printing, heating, lighting, the making of repairs, the providing of transportation, and the compilation of statistics where mechanical equipment is essential.

ABOLITION OF LOCAL OFFICES.

Perhaps the part of the organization in which the greatest economy in public expenditure is possible is to be found in the numerous local offices of the Government. In some instances the establishment and the discontinuance of these local offices are matters of administrative discretion. In other instances they are established by permanent law in such a manner that their discontinuance is beyond the power of the President or that of any executive officer. In a number of services these laws were passed nearly a century ago. Changes in economic

conditions have taken place which have had the effect of rendering certain offices not only useless but even worse than useless in that their very existence needlessly swells expenditures and complicates the administrative system.

The attention of the Congress has been called repeatedly to these conditions. In some instances the Congress has approved recommendations for the abolition of useless positions. In other cases not only do the recommendations of the Executive that useless positions be abolished remain unheeded, but laws are passed to establish new offices at places where they are not needed.

The responsibility for the maintenance of these conditions must naturally be divided between the Congress and the Executive. But that the Executive has performed his duty when he has called the attention of the Congress to the matter must also be admitted. Realizing my responsibility in the premises, I have directed the commission to prepare a report setting forth the positions in the local services of the Government which may be discontinued with advantage, the saving which would result from such action and the changes in law which are necessary to carry into effect changes in organization found to be desirable. On the coming in of the report, such offices as may be found useless and can be abolished will be so treated by Executive order.

PERSONNEL.

In my recent message to the Congress I urged consideration of the necessity of placing in the classified service all of the local officers under the Departments of the Treasury, the Interior, Post Office, and Commerce and Labor.

CLASSIFICATION OF LOCAL OFFICERS.

The importance of the existence of a competent and reasonably permanent civil service was not appreciated until the last quarter of the last century. At that time examinations were instituted as a means of ascertaining whether candidates for appointment possessed the requisite qualifications for Government positions. Since then it has come to be universally admitted that entrance to almost every subordinate position in the public service should be dependent upon the proof in some appropriate way of the ability of the appointee.

As yet, however, little if any attempt has been made by law to secure, either for the higher administrative positions in the service at Washington or for local offices, the qualifications which the incumbents of these positions must have if the business of the Government is to be conducted in the most efficient and economical manner. Furthermore, in the case of many of the local officers the law positively provides that the term of office shall be of four years' duration.

The next step which must be taken is to require of heads of bureaus in the departments at Washington, and of most of the local officers under the departments, qualifications of capacity similar to those now required of certain heads of bureaus and of local officers. The extension of the merit system to these officers and a needed readjustment of salaries will have important effects in securing greater economy and efficiency.

In the first place, the possession by the incumbents of these positions of the requisite qualifications must in itself promote efficiency.

In the second place, the removal of local officers from the realm of political patronage in many cases would reduce the pay roll of the field services. At the present time the incumbents of many of these positions leave the actual performance of many of their duties to deputies and assistants. The Government often pays two persons for doing work that could easily be done by one. What is the loss to the Government can not be stated, but that it is very large can not be denied, when it is remembered how numerous are the local officers in the postal, customs, internal revenue, public lands, and other field services of the Government.

In the third place, so long as local officers are within the sphere of political patronage it is difficult to consider the question of the establishment or discontinuance of local offices apart from the effect upon local political situations.

Finally, the view that these various offices are to be filled as a result of political considerations has for its consequence the necessity that the President and Members of Congress devote to matters of patronage time which they should devote to questions of policy and administration.

The greatest economy and efficiency, and the benefits which may accrue from the President's devoting his time to the work which is most worth while, may be assured only by treating all the distinctly administrative officers in the departments at Washington and in the field in the same way as inferior officers have been treated. The time has come when all these officers should be placed in the classified service. The time has also come when those provisions of law which give to these officers a fixed term of years should be repealed. So long as a fixed term is provided by law the question of reappointment of an officer, no matter how efficiently he may have performed his duties, will inevitably be raised periodically. So long as appointments to these offices must be confirmed by the Senate, and so long as appointments to them must be made every four years, just so long will it be impossible to provide a force of employees with a reasonably permanent tenure who are qualified by reason of education and training to do the best work.

SUPERANNUATION.

Attention has been directed in recent years to the need of a suitable plan of retiring the superannuated employees in the executive civil service. In the belief that it is desirable that any steps toward the establishment of such a plan shall be taken with caution, I instructed the commission to make an inquiry first into the conditions at Washington. This inquiry has been directed to the ascertainment of the extent to which superannuation now exists and to the consideration of the availability of the various plans which either have been proposed for adoption in this country or have actually been adopted in other countries. I shall submit, in the near future, for the consideration of the Congress a plan for the retirement of aged employees in the civil service which will safeguard the interests of the Government and at the same time make reasonable provision for the needs of those who have given the best part of their lives to the service of the State.

EFFICIENCY OF PERSONNEL.

I have caused inquiry to be made into the character of the appointees from the point of view of efficiency and competence which has resulted from present methods of appointment; into the present relation of compensation to the character of work done; into the existing methods of promotion and the keeping of efficiency records in the various departments; and into the conditions of work in Government offices. This inquiry will help to determine to what extent conditions of work are uniform in the different departments and how far uniformity in such conditions will tend to improve the service. I have felt that satisfaction with the conditions in which they worked was a necessary prerequisite to an efficient personnel, and that satisfaction was not to be expected where conditions in one department were less favorable than in another.

This inquiry has not been completed. When it has been ascertained that evils exist which can be remedied through the exercise of the powers now vested in the President, I shall endeavor to remedy those evils. Where that is not the case, I shall present for the consideration of the Congress plans which, I believe, will be followed by great improvement in the service.

BUSINESS METHODS.

In every case where technical processes have been studied it has been demonstrated beyond question that large economies may be effected. The subjects first approached were those which lie close to each administrator, viz., office practices. An illustration of the possibilities within this field may be found in the results of the inquiry into

the methods of handling and filing correspondence. Every office in the Government has reported its methods to the commission. These reports brought to light the fact that present methods were quite the reverse of uniform. Some offices follow the practice of briefing all correspondence; some do not. Some have flat files; others fold all papers before filing. Some use press copies; others retain only carbon copies.

UNNECESSARY COST OF HANDLING AND FILING CORRESPONDENCE.

The reports also show not only a very wide range in the methods of doing this comparatively simple part of the Government business, but an extraordinary range in cost. For the handling of incoming mail the averages of cost by departments vary from $5.84 to $81.40 per 1,000. For the handling of outgoing mail the averages by departments vary from $5.94 to $69.89 per 1,000. This does not include the cost of preparation, but is confined merely to the physical side of the work. The variations between individual offices is many times greater than that shown for averages by departments.

It is at once evident either that it is costing some of the offices too little or that others are being run at an unwarranted expense. Nor are these variations explained by differences in character of work. For example, there are two departments which handle practically the same kind of business and in very large volume. The average cost of handling incoming mail to one was found to be over six times as great as the cost of handling incoming mail to the other.

It has been found that differences of average cost by departments closely follow differences in method and that the greatest cost is found in the department where the method is most involved. Another fact is of interest, viz., that in two departments, which already show low averages, orders have been issued which will lead to a large saving without impairing efficiency. It can not be said what the saving ultimately will be when the attention of officers in all of the departments has been focused on present methods with a view to changing them in such manner as to reduce cost to the lowest point compatible with efficient service. It, however, must be a considerable percentage of nearly $5,000,000, the total estimated cost of handling this part of the Government business at Washington.

Results have already been obtained which are noteworthy. Mention has been made of the orders issued by two departments. Of these the order of one is most revolutionary in character, since it requires flat filing, where before all correspondence was folded; the doing away with letterpress copies; and the discontinuance of indorsements on slips, one of the most expensive processes and one which in the other department has been carried to very great length.

NEED FOR LABOR-SAVING OFFICE DEVICES.

The use of labor-saving office devices in the service has been made the subject of special inquiry. An impression prevails that the Government is not making use of mechanical devices for economizing labor to the same extent as are efficiently managed private enterprises. A study has been made of the extent to which devices of this character are now being employed in the several branches of the Government and the opportunities that exist for their more general use. In order to secure information as to the various kinds of labor-saving devices that are in existence and as to their adaptability to Government work, an exhibition of labor-saving office appliances was held in Washington from July 6 to 15, 1911. One hundred and ten manufacturers and dealers participated, and more than 10,000 officers and employees visited the exhibition. There is no doubt that the exhibition served the purpose of bringing to the attention of officers devices which can be employed by them with advantage. The holding of this exhibition was, however, but a step preparatory to the contemplated investigation.

UNNECESSARY COST OF COPY WORK.

The efforts of the commission resulted also in the adoption by several bureaus or departments of improved methods of doing copying. The amount of copy work heretofore done by hand each year in the many offices is estimated to aggregate several hundred thousand dollars. The commission exhibited, at its offices, appliances that were thought to be especially adapted to this kind of Government work. Following these demonstrations methods of copying were introduced which have brought about a saving of over 75 per cent in offices where used for six months. This change in one small cross section of office practice will more than offset the whole cost of my inquiry.

WASTE IN THE DISTRIBUTION OF PUBLIC DOCUMENTS.

Going outside the office, one of the business processes which have been investigated is the distribution of departmental documents. This is a subject with which both the Congress and Administration heads are familiar. The prevailing practice in handling departmental publications is to have them manufactured at the Government Printing Office; each job when completed is delivered to the department; here the books or pamphlets are wrapped and addressed; they are then sent to the post office; there they are assorted and prepared for shipment through the mails; from the post office they are sent to the railroad station, which is only a few steps from the Government Printing Office, whence they started. The results of this laborious and circuitous method is to make the use of the best mechanical equipment impracticable and to waste each year not less than a quarter of a

million dollars of Government funds in useless handling, to say nothing of the indirect loss due to lack of proper coordination.

WASTEFUL USE OF PROPERTIES AND EQUIPMENT.

The use of equipment is a matter which also has been investigated. Up to the present time this investigation has been in the main confined to the subject of electric lighting. The Government pays over $600,000 per year for electric current; it has made large capital outlays for wiring and fixtures. With the increasing demands in many buildings the present equipment is taxed to its limit and if the present methods are continued much of this wiring must be done over; in many places employees are working at a great physical disadvantage, due to inadequate and improper lighting, and thereby with reduced efficiency. In every place where the inquiry has been conducted it appears that there is large waste; that without the cost of rewiring, simply by giving proper attention to location of lights and the use of proper lamps and reflectors, the light efficiency at points where needed may be much increased and the cost of current reduced from 30 to 60 per cent. Other inquiries into the use which is being made of properties and equipment are contemplated which promise even larger results.

UNNECESSARY COST OF INSURANCE.

It is the policy of the Government not to insure public property against fire and other losses. Question has been raised whether the Government might not apply the same principle to other forms of risk, including insurance of the fidelity of officials and employees. A report is now in preparation on the subject which will show opportunities for large savings. I believe that the present expense for insuring the faithful execution of contracts, which, though paid by the contractor, is more than covered in the added price to the Government, can be largely reduced without taking away any element of security.

LACK OF SPECIFICATIONS.

The importance of establishing and maintaining standard specifications is found not only in the possibility of very materially reducing the direct cost of Government trading, but also in insuring to the service materials, supplies, and equipment which are better adapted to its purposes. One of the results of indefiniteness of specifications is to impose contract conditions which make it extra-hazardous for persons to enter into contractual relations. This not only deprives the Government of the advantage of broad competition, but causes it to pay an added margin in price to vendors who must carry the risk. The specifications which may have been worked out in one department usually differ from specifications for the same article to be

used in another department. Much progress has been made toward improving this condition through the schedules of the General Supply Committee, but there are many classes of supplies not on these lists which may be standardized, and the articles which are there listed may be specified with exactness.

In connection with standard specifications for purchasing, the subject of a standard form of contract has been given consideration. No one form or small number of forms will be applicable to all the agreements into which the Government enters. There can be standard conditions and provisions for such contracts, however, and the work in this connection is being prosecuted in an effort to simplify the forms of contracts and to do away with the great diversity of requirements which so often perplex and irritate those who wish to enter into a contract with the Government.

EXCESSIVE COST OF TRAVEL.

One of the first steps taken toward constructive work was the reclassification of the expenditures for the year 1910 by objects. The foundation was thus made for the investigation of Government trading practices. While it was recognized that this large field could not be covered within a year except at enormous cost, the subjects of "Transportation of persons" and "Subsistence while in travel status" were taken as concrete examples. The annual cost of travel to the Government was found to be about $12,000,000. It was also found that the Government employees were traveling in practically every way that was open to the public; it was further found that although the Government was the largest user of transportation, it was buying railroad tickets on a less favorable basis than would be possible if the subject of traveling expenditures were systematically handled from the point of view of the Government as a whole. The form of ticket most often used between such points as New York, Philadelphia, and Washington was the single-trip first-class ticket. In two departments definite tests have been made in the use of mileage books and in each practically the same result has been reported, viz., an average saving of a little over one-half of 1 cent per mile. What the possible saving to the Government by a more systematic handling of transportation may be, can not be estimated at this time. Upon inquiry it was found that an analysis of travel vouchers for the year would cost not less than $120,000. The investigation, therefore, was confined to the analysis of travel vouchers which came to departments during the month of April. A report of the result of this inquiry has been made and at an early date will be sent to the Congress with recommendations.

One of the results or by-products of this inquiry into travel expenses was the recommendation that the jurat or affidavit which is now re-

quired by order of the comptroller be discontinued. The jurat does not add to the value of the return, involves persons traveling in much annoyance and trouble in going before an officer competent to administer oaths, while every disciplinary result is obtained through certification under the law prescribing a penalty for the falsification of accounts. A discontinuance of the jurat in all cases would result in a direct saving of about $60,000 per annum.

OTHER EXPENDITURES TO BE INVESTIGATED.

Before economy in Government trading can be adequately covered, such subjects as the following must be systematically inquired into, viz.: Subsistence and support of persons; subsistence and care for animals and the storage and care of vehicles; telephone, telegraph, and commercial messenger service; printing, engraving, lithographing, and binding; advertising and the publication of notices; heat, light, power, and electricity purchased; repairs by contract and open market order; building and other materials; drafting, scientific and stationery supplies; fuel; mechanics', engineering, and electricians' supplies; cleaning and toilet supplies; wearing apparel and hand-sewing supplies; forage and other supplies for animals; provisions; explosives and pyrotechnic supplies; heat, light, power, and electrical equipment; live stock; furniture and furnishings; educational and scientific equipment. From what has been already ascertained concerning certain of these different objects of Government expenditure, it is evident that large savings will result from such an examination.

BETTER METHODS FOR PURCHASING.

Through a long period of years and by numerous laws and orders there has grown up a procedure governing public advertising and contracting that is more burdensome and expensive in some cases than is necessary. The procedure is not uniform in the various departments; it is not uniform in many cases for the different services in the same department. To make uniform the requirements so far as practicable will be in the interest of economy and efficiency and bring about that simplicity that will secure the largest opportunity for contractors to bid for Government work, and will secure for the Government the most favorable prices obtained by any purchaser.

ACCOUNTING AND REPORTING.

In my message of March 3, 1911, attention was called to some of the defects in the present methods of accounting and reporting. I said:

The condition under which legislators and administrators, both past and present, have been working may be summarized as follows: There have been no adequate means provided whereby either the President or

his advisers may act with intelligence on current business before them; there has been no means for getting prompt, accurate, and correct information as to results obtained; * * * there have been practically no accounts showing what the Government owns and only a partial representation of what it owes; appropriations have been over encumbered without the facts being known; officers of Government have had no regular or systematic method of having brought to their attention the costs of governmental administration, operation, and maintenance, and therefore could not judge as to economy or waste; there has been inadequate means whereby those who served with fidelity and efficiency might make a record of accomplishment and be distinguished from those who were inefficient and wasteful; functions and establishments have been duplicated, even multiplied, causing conflict and unnecessary expense; lack of full information has made intelligent direction impossible and cooperation between different branches of the service difficult.

By reason of the confused character of records and reports and the lack of information which has been provided, this was one of the first subjects into which inquiry was made looking toward the issuing of Executive orders.

CHARACTER OF ACCOUNTS REQUIRED.

In laying the foundation for the revision of the present accounting methods it has been assumed that such information should be produced, and only such as is continuously needed by administrative heads or as will be of value to the Congress. The work has been prosecuted under the following heads: The character and form of expenditure documents that should be employed by the several departments; classification of objects of expenditure; the kind and character of accounts that should be kept by the Government; the character of reports giving information regarding revenues and expenditures that should be rendered to superior administrative officers and to the Congress, and which will enable them to lay before the Congress information which each Member should have in order that the legislative branch may be fully informed concerning the objects and purposes of governmental expenditures.

UNIFORMITY IN CLASSIFICATION AND METHODS.

Upon these matters the commission has made extended studies. So far as the kind and character of accounts to be kept by the Government are concerned, not only have reports on methods of accounting and reporting been made by representatives of each of the departments, but for four of these services detailed descriptive reports have been prepared showing exactly what forms are used and what procedure is followed in keeping and recording accounts. Proceeding from these statements of fact, the purpose is to work out in collabora-

tion with department representatives a unified procedure, and a uniform classification of facts which will enable accounting officers to present to administrative heads, to the President, and to the Congress complete, accurate, and prompt information, in any summary or detail that may be desired.

CONSTRUCTIVE RESULTS OBTAINED.

The general basis for uniformity of accounting and reporting has already been laid in constructive reports with recommendations. The results of this work have been promulgated by the Comptroller of the Treasury with the approval of the Secretary of the Treasury in circulars issued in May and June last. These circulars prescribed the kind of accounts which shall be kept for the purpose of making available to the administrative head of each department, bureau, and office the information which is needed for directing the business of the Government.

In all of the work of the commission on these subjects emphasis has been laid upon cooperation with departmental committees composed of representatives appointed by the heads of departments for the express purpose of joining with the commission in the preliminary studies and in the conclusions and recommendations relating to the several departments and establishments.

REPORTS AT PRESENT REQUIRED BY CONGRESS.

During the consideration of these subjects the commission has made a study of the present requirements of law relating to reports which are in whole or in part financial in character from the various departments and establishments. There are more than 90 acts of Congress which annually require reports of this character. These requirements of the law result in nearly 200 printed reports relating to financial matters, which must be submitted annually to the Congress by the various departments and establishments. Studies of these reports and comparisons of the classification of expenditures as set forth therein have been made by the commission to the end that, so far as practicable, uniformity of classification of objects of expenditure may be recommended and identical terminology adopted.

RECOMMENDATIONS AND MODIFICATIONS.

In due time I shall transmit to the Congress such recommendations for changes in the present laws relating to these annual reports as appear to be pertinent and necessary.

Special consideration has been given by the commission to the annual reports relating to the financial transactions of the Government as a whole. In this connection the forms of the financial statements of the

Government from early days to the present time have been examined. Further, in order that full information should be available, an investigation has been made of the forms of annual reports and budget statements, of the results of accounting, and of the terminology used by twenty or more foreign nations.

One of the consequences of this work is apparent in a modification of the form in which the gross receipts and disbursements of the Government have been exhibited heretofore by the Secretary of the Treasury in his annual reports to the Congress.

These modifications are important as illustrations of what may be expected in improvement in the annual statements of the Government as a whole when final recommendations are made, based upon these extended studies. Further results of this work will be apparent when standard forms for financial reports of departments and establishments, which are now in preparation through cooperation with the responsible officials of various departments, are completed and published. It will then be evident how far short of realizable ideals have been our annual statements and reports of the past.

THE BUDGET.

The United States is the only great Nation whose Government is operated without a budget. This fact seems to be more striking when it is considered that budgets and budget procedures are the outgrowth of democratic doctrines and have had an important part in the development of modern constitutional rights. The American Commonwealth has suffered much from irresponsibility on the part of its governing agencies. The constitutional purpose of a budget is to make government responsive to public opinion and responsible for its acts.

THE BUDGET AS AN ANNUAL PROGRAM.

A budget should be the means for getting before the legislative branch, before the press, and before the people a definite annual program of business to be financed; it should be in the nature of a prospectus both of revenues and expenditures; it should comprehend every relation of the Government to the people, whether with reference to the raising of revenues or the rendering of service.

In many foreign countries the annual budget program is discussed with special reference to the revenue to be raised, the thought being that the raising of revenue bears more direct relation to welfare than does Government expenditure. Around questions of source of revenue political parties have been organized, and on such questions voters in the United States have taken sides since the first revenue law was proposed.

CITIZEN INTEREST IN EXPENDITURES.

In political controversy it has been assumed generally that the individual citizen has little interest in what the Government spends. In my opinion, this has been a serious mistake, one which is becoming more serious each year. Now that population has become more dense, that large cities have developed, that people are required to live in congested centers, that the national resources frequently are the subject of private ownership and private control, and that transportation and other public-service facilities are held and operated by large corporations, what the Government does with nearly $1,000,000,000 each year is of as much concern to the average citizen as is the manner of obtaining this amount of money for public use. In the present inquiry special attention has been given to the expenditure side of the budget.

In prosecuting this inquiry, however, it has not been thought that arbitrary reductions should be made. The popular demand for economy has been to obtain the best service—the largest possible results for a given cost.

We want economy and efficiency; we want saving, and saving for a purpose. We want to save money to enable the Government to go into some of the beneficial projects which we are debarred from taking up now because we can not increase our expenditures. Projects affecting the public health, new public works, and other beneficial activities of government can be furthered if we are able to get a dollar of value for every dollar of the Government's money which we expend.

PUBLIC-WELFARE QUESTIONS.

The principal governmental objects in which the people of the United States are interested include:

The national defense; the protection of persons and property; the promotion of friendly relations and the protection of American interests abroad; the regulation of commerce and industry; the promotion of agriculture, fisheries, forestry, and mining; the promotion of manufacturing, commerce, and banking; the promotion of transportation and communication; the postal service, including postal savings and parcel post; the care for and utilization of the public domain; the promotion of education, art, science, and recreation; the promotion of the public health; the care and education of the Indians and other wards of the Nation.

These are public-welfare questions in which I assume every citizen has a vital interest. I believe that every Member of Congress, as an official representative of the people, each editor, as a nonofficial representative of public opinion, each citizen, as a beneficiary of the trust imposed on officers of the Government, should be able readily to ascer-

tain how much has been spent for each of these purposes; how much has been appropriated for the current year; how much the administration is asking for each of these purposes for the next fiscal year.

Furthermore, each person interested should have laid before him a clear, well-digested statement showing in detail whether moneys appropriated have been economically spent and whether each division or office has been efficiently run. This is the information which should be available each year in the form of a budget and in detail accounts and reports supporting the budget.

CONTINUANCE OF THE COMMISSION.

I ask the continuance of this Commission on Economy and Efficiency because of the excellent beginning which has been made toward the reorganization of the machinery of this Government on business principles. I ask it because its work is entirely nonpartisan in character and ought to appeal to every citizen who wishes to give effectiveness to popular government, in which we feel a just pride. This work further commends itself for the reason that the cost of organization and work has been carefully considered at every point. Three months were taken in consideration of plans before the inquiry was begun; six months were then spent in preliminary investigations before the commission was organized; before March 3, 1911, when I asked for a continuation of the original appropriation for the current year, only $12,000 had been spent.

In organizing the commission my purpose was to obtain men eminently qualified for this character of work, and it may be said that it was found to be extremely difficult to find persons having such qualifications who would undertake the task. Several of the members of the commission were induced to take up the work as a personal sacrifice; in fact, considering the temporary character of the inquiry, it may be said that no member of the commission was moved by salary considerations. Only the public character of the work has made it possible for the Government to carry on such an inquiry except at a very much larger cost than has been incurred.

It is a matter of public record that the three largest insurance companies in New York, when under legislative investigation, spent more than $500,000 for expert services to assist the administration to put the business on a modern basis; but the economies the first year were more than tenfold the cost. I am informed that New York, Chicago, Boston, St. Louis, Cincinnati, Milwaukee, and other cities are prosecuting inquiries, the cost of which is largely disproportionate to the cost incurred by the Federal Government. Furthermore, these inquiries have the vigorous support and direct cooperation of citizen agencies which

alone are spending not less than $200,000 per annum, and in several instances these combined agencies have been working not less than five years to put the cities on a businesslike basis, yet there is still much to be done.

The reason for bringing these facts to your attention is to suggest the magnitude of the task, the time necessary to its accomplishment, the professional skill which is essential to the successful handling of the work, the impossibility of carrying on such a work entirely with men who are at the same time engaged in the ordinary routine of administration. While in the nature of things the readjustment of organization and methods should continue indefinitely in order to adapt a great institution to the business in hand, ultimately this should be provided for as a part of the regular activities of some permanently organized agency. It is only after such a thorough inquiry has been made by experts who are not charged with the grinding details of official responsibility, however, that conclusions can be reached as to how this best can be done.

I sincerely hope that Congress will not, in its anxiety to reduce expenditures, economize by cutting off an appropriation which is likely to offer greater opportunity for real economy in the future than any other estimated for.

VIGOROUS PROSECUTION OF THE INQUIRY.

Economies actually realized have more than justified the total expenditure of the inquiry to date, and the economies which will soon be made by Executive action, based upon the information now in hand, will be many times greater than those already realized. Furthermore, the inquiry is in process of establishing a sound basis for recommendations relating to changes in law which will be necessary in order to make effective the economies which can not be provided by Executive action alone. Still further, it should be realized that the progress made by the inquiry has been notable when measured against the magnitude of the task undertaken. The principal function of the inquiry has been that of coordination. The commission has acted and should continue to act as a central clearing house for the committees in the various departments and establishments. By no other means can the cooperation which is essential be developed and continued throughout the Government service.

Helpful as legislative investigations may be in obtaining information as a basis for legislative action, changes which affect technical operations and which have to do with the details of method and procedure, necessarily followed in effectively directing and controlling the activities of the various services, can be successfully accomplished only by highly trained experts, whose whole time shall be given to the work, acting in

cooperation with those who are charged with the handling of administrative details. The upbuilding of efficient service must necessarily be an educational process. With each advance made there will remain to those who conduct the details of the business an additional incentive to increase the efficiency and to realize true economy in all branches of the Government service.

As has been said, the changes which have already been made are resulting in economies greater than the cost of the inquiry; reports in my hands, with recommendations, estimate approximately $2,000,000 of possible annual economies; other subjects under investigation indicate much larger results. These represent only a few of the many services which should be subjected to a like painstaking inquiry. If this is done, it is beyond question that many millions of savings may be realized. Over and above the economy and increased efficiency which may be said to result from the work of the commission as such is an indirect result that can not well be measured. I refer to the influence which a vigorous, thoroughgoing executive inquiry has on each of the administrative units responsible to the Executive. The purpose being constructive, as soon as any subject is inquired into each of the services affected becomes at once alert to opportunities for improvement. So real is this that eagerness in many instances must be restrained. For example, when reports were requested on the subject of handling and filing correspondence, so many changes were begun that it became necessary to issue a letter to heads of departments requesting them not to permit further changes until the results had been reported and uniform plans of action had been agreed upon. To have permitted each of the hundreds of offices to undertake changes on their own initiative would merely have added to the confusion.

Much time and expense are necessary to get an inquiry of this kind started, to lay the foundation for sound judgment, and to develop the momentum required to accomplish definite results. This initial work has been done. The inquiry with its constructive measures is well under way. The work should now be prosecuted with vigor and receive the financial support necessary to make it most effective during the next fiscal year.

In this relation it may be said that the expenditure for the inquiry during the present fiscal year is at the rate of $130,000. The mass of information which must be collected, digested, and summarized pertaining to each subject of inquiry is enormous. From the results obtained it is evident that every dollar which is spent in the prosecution of the inquiry in the future will result in manifold savings. Every economy which has been or will be effected through changes in organization or method will inure to the benefit of the Government and of the people in increasing measure through the years which follow. It is clearly the

part of wisdom to provide for the coming year means at least equal to those available during the current year, and in my opinion the appropriation should be increased to $200,000, and an additional amount of $50,000 should be provided for the publication of those results which will be of continuing value to officers of the Government and to the people.

WM. H. TAFT.

MESSAGE.

[Concerning the work of the Interior Department and other matters.]

THE WHITE HOUSE, *February 2, 1912.*

To the Senate and House of Representatives:

There is no branch of the Federal jurisdiction which calls more imperatively for immediate legislation than that which concerns the public domain, and especially the part of that domain which is in Alaska. The report of the Secretary of the Interior, which is transmitted herewith, and the report to him of the governor of Alaska, set out the public need in this regard with great force and in satisfactory detail.

The progress under the reclamation act has made clear the defects of its limitations, which should be remedied. The rules governing the acquisition of homesteads, of land that is not arid or semiarid, are not well adapted to the perfecting of title to land made arable by Government reclamation work.

I concur with the Secretary of the Interior in his recommendation that, after entry is made upon land being reclaimed, actual occupation as a homestead of the same be not required until two years after entry, but that cultivation of the same shall be required, and that the present provision under which the land is to be paid for in 10 annual installments shall be so modified as to allow a patent to issue for the land at the end of five years' cultivation and three years' occupation, with a reservation of a Government lien for the amount of the unpaid purchase money. This leniency to the reclamation homesteader will relieve him from occupation at a time when the condition of the land makes it most burdensome and difficult, and at the end of five years will furnish him with a title upon which he can borrow money and continue the improvement of his holding.

I also concur in the recommendation of the Secretary of the Interior that all of our public domain should be classified and that each class should be disposed of or administered in the manner most appropriate to that particular class.

The chief change, however, which ought to be made, and which I have already recommended in previous messages and communications to Congress, is that by which Government coal land and phosphate and other mineral lands containing nonmetalliferous minerals, shall be leased by the Government, with restrictions as to size and time, resembling those which now obtain throughout the country between the owners in fee and the lessees who work the mines, and in leases like those which have been most successful in Australia, New Zealand, and Nova Scotia. The showing made by investigations into the successful working of the leasing system leaves no doubt as to its wisdom and practical utility. Requirements as to the working of the mine during the term may be so framed as to prevent any holding of large mining properties merely for speculation, while the royalties may be made sufficiently low, not unduly to increase the cost of the coal mined, and at the same time sufficient to furnish a reasonable income for the use of the public in the community where the mining goes on. In Alaska, there is no reason why a substantial income should not thus be raised for such public works as may be deemed necessary or useful.

There is no difference between the reasons which call for the application of the leasing system to the coal lands still retained by the Government in the United States proper and those which exist in Alaska.

There are now in Alaska only two well-known high-grade coal fields of large extent—the Bering River coal field and the Matanuska coal field. The Bering River coal field, while it has varying qualities of coal from the bituminous to the anthracite, is very much lessened in value and usefulness by the grinding effect to which in geological ages past the coal measures have been subjected, so that the coal does not lie or can not be mined in large lumps. It must be taken out in almost a powdered condition. The same difficulty does not appear to the same extent in the Matanuska coal fields. The Bering River coal fields are only 25 miles from the coast. They are within easy distance of an existing railroad built by the Morgan-Guggenheim interests, and may also be reached through Controller Bay by the construction of other and competing railroads.

Controller Bay is not a good harbor, but could probably be made practical with the expenditure of considerable money. The railroad of the Morgan-Guggenheim interests, running from Cordova, could be made a coal carrying road for the Bering River fields by the construction of a branch to those fields not exceeding 50 or 60 miles. It is practicable, and if the coal measures were to be opened up, doubtless the branch would be built. In the present condition of things, there is no motive to build the road, because there is no title or opportunity to open and mine the coal.

The Matanuska coal fields are a longer distance from the coast. They

are from 150 to 200 miles from the harbor of Seward, on Resurrection Bay. This is one of the finest harbors in the world, and a reservation has been made there for the use of the Navy of the United States. A road constructed from Seward to the Matanuska coal fields would form part of a system reaching from the coast into the heart of Alaska, and open the great interior valleys of the Yukon and the Tanana, which have agricultural as well as great mineral possibilities.

The Alaska Central road has been constructed some 71 miles of the distance from Seward north to the Matanuska coal fields, but the construction beyond this has been discouraged, first, by the fact that there has been no policy adopted of opening up the coal lands upon which investors could depend, and, second, because there seemed to be a lack of financial backing of those engaged in the enterprise. The Secretary of the Interior has ascertained that the bondholders, who are the real owners of the road, are willing to sell to the Government, and he recommends the purchase of the existing road, such reconstruction as may be necessary, its continuance to the Matanuska coal fields, and thence into the valleys of the Yukon and the Tanana. It would be a great trunk line, and would be an opening up of Alaska by Government capital.

I am not in favor of Government ownership where the same certainty and efficiency of service can be had by private enterprise, but I think the conditions presented in Alaska are of such a character as to warrant the Government, for the purpose of encouraging the development of that vast and remarkable territory, to build and own a trunk line railroad, which it can lease on terms which may be varied and changed to meet the growing prosperity and development of the Territory.

There is nothing in the history of the United States which affords such just reason for criticism as the failure of the Federal Government to extend the benefit of its fostering care to the Territory of Alaska. There was a time, of course, when Alaska was regarded as so far removed into the Arctic Ocean as to make any development of it practically impossible, but for years the facts have been known to those who have been responsible for its government, and everyone who has given the subject the slightest consideration has been aware of the wonderful possibilities in its growth and development if only capital were invested there and a good government put over it. I think the United States owes it, therefore, to Alaska, and to the people who have gone there, to take an exceptional step and to build a railroad that shall open the treasures of Alaska to the Pacific and to the people who live along that ocean on our western coast. The construction of a railroad and ownership of the fee do not necessitate Government operation. Pursuant, however, to the recommendation of the Secretary of the Interior, I suggest to Congress the wisdom of providing that the President may appoint a commission of competent persons, including two

Army engineers, to examine and report upon the available routes for a railroad from Seward to the Matanuska coal fields and into the Tanana and Yukon Valleys, with an estimate of the value of the existing partially constructed railroad and of the cost of continuing the railroad to the proper points in the valleys named. This proposal is further justified by the need that the Navy of the United States has for a secure coaling base in the North Pacific. The commission ought to make a full report also as to the character of the coal fields at Matanuska, and the problem of furnishing coal from that source for mercantile purposes after reserving for Government mining a sufficient quantity for the Navy.

I have already recommended to Congress the establishment of a form of commission government for Alaska. The Territory is too extended, its needs are too varied, and its distance from Washington too remote to enable Congress to keep up with its necessities in the matter of legislation of a local character.

The governor of Alaska in his report, which accompanies that of the Secretary of the Interior, points out certain laws that ought to be adopted, and emphasizes what I have said as to the immediate need for a government of much wider powers than now exists there, if it can be said to have any government at all.

I do not stop to dwell upon the lack of provision for the health of the inhabitants and the absence or inadequacy of laws, the mere statement of which shows their crying need. I only press upon Congress the imperative necessity for taking action not only to permit the beginning of the development of Alaska and the opening of her resources, but to provide laws which shall give to those who come under their jurisdiction decent protection.

LOWER COLORADO RIVER.

There is transmitted herewith a letter from the Secretary of the Interior setting out the work done under joint resolution approved June 25, 1910, authorizing the expenditure of $1,000,000, or so much thereof as might be necessary, to be expended by the President for the purpose of protecting lands and property in the Imperial Valley and elsewhere along the Colorado River in Arizona. The money was expended and the protective works erected, but the disturbances in Mexico so delayed the work, and the floods in the Colorado River were so extensive that a part of the works have been carried away, and the need for further action and expenditure of money exists. I do not make a definite recommendation at present, for the reason that the plan to be adopted for the betterment of conditions near the mouth of the Colorado River proves to be so dependent on a free and full agreement between the

Government of Mexico and the Government of the United States as to joint expenditure and joint use that it is unwise to move until we can obtain some agreement with that Government which will enable us to submit to Congress a larger plan, better adapted to the exigencies presented than the one adopted. It is essential that we act promptly, and through the State Department the matter is being pressed upon the attention of the Mexican Government. Meantime, a report of the engineer in charge, together with a subsequent report upon his work by a body of experts appointed by the Secretary of the Interior, together with an offer by the Southern Pacific Railroad to do the work at a certain price, with a guaranty for a year, and a comment upon this offer by Brig. Gen. Marshall, late Chief of Engineers, United States Army, and now consulting engineer of the Reclamation Service, are all herewith transmitted.

WATER-POWER SITES.

In previous communications to Congress I have pointed out two methods by which the water-power sites on nonnavigable streams may be controlled as between the State and the National Government. It has seemed wise that the control should be concentrated in one government or the other as the active participant in supervising its use by private enterprise. In most cases where the Government owns what are called water-power sites along nonnavigable streams, which are really riparian lots, without which the power in the stream can not be used, we have a situation as to ownership that may be described as follows: The Federal Government has land without which the power in the stream can not be transmuted into electricity and applied at a distance, while it is claimed that the State, under the law of waters as it prevails in many of our Western States, controls the use of the water and gives the beneficial use to the first and continuous user. In order to secure proper care by the State governments over these sources of power, it has been proposed that the Government shall deed the water-power site to the State on condition that the site and all the plant upon it shall revert to the Government unless the State parts with the site only by a lease, the terms of which it enforces and which requires a revaluation of the rental every 10 years, the full term to last not more than 50 years. A failure of the State to make and enforce such leases would enable the Government by an action of forfeiture to recover the power sites and all plants that might be erected thereon, and this power of penalizing those who succeed to the control would furnish a motive to compel the observance of the policy of the Government.

The Secretary of the Interior has suggested another method by which

the water-power site shall be leased directly by the Government to those who exercise a public franchise under provisions imposing a rental for the water power to create a fund to be expended by the General Government for the improvement of the stream and the benefit of the local community where the power site is, and permitting the State to regulate the rates at which the converted power is sold. The latter method suggested by the Secretary is a more direct method for Federal control, and in view of the probable union and systematic organization and welding together of the power derived from water within a radius of three or four hundred miles, I think it better that the power of control should remain in the National Government than that it should be turned over to the States. Under such a system the Federal Government would have such direct supervision of the whole matter that any honest administration could easily prevent the abuses which a monopoly of absolute ownership in private persons or companies would make possible.

BUREAU OF NATIONAL PARKS.

I earnestly recommend the establishment of a Bureau of National Parks. Such legislation is essential to the proper management of those wondrous manifestations of nature, so startling and so beautiful that everyone recognizes the obligations of the Government to preserve them for the edification and recreation of the people. The Yellowstone Park, the Yosemite, the Grand Canyon of the Colorado, the Glacier National Park, and the Mount Rainier National Park and others furnish appropriate instances. In only one case have we made anything like adequate preparation for the use of a park by the public. That case is the Yellowstone National Park. Every consideration of patriotism and the love of nature and of beauty and of art requires us to expend money enough to bring all these natural wonders within easy reach of our people. The first step in that direction is the establishment of a responsible bureau which shall take upon itself the burden of supervising the parks and of making recommendations as to the best method of improving their accessibility and usefulness.

INTERNATIONAL COMMISSION ON THE COST OF LIVING.

There has been a strong movement among economists, business men, and others interested in economic investigation to secure the appointment of an international commission to look into the cause for the high prices of the necessities of life. There is no doubt but that a commission could be appointed of such unprejudiced and impartial persons, experts in investigation of economic facts, that a great deal of very valuable light could be shed upon the reasons for the high prices

that have so distressed the people of the world, and information given upon which action might be taken to reduce the cost of living. The very satisfactory report of the Railway Stock and Bonds Commission indicates how useful an investigation of this kind can be when undertaken by men who have had adequate experience in economic inquiries and a levelheadedness and judgment correctly to apply sound principles to the facts found.

For some years past the high and steadily increasing cost of living has been a matter of such grave public concern that I deem it of great public interest that an international conference be proposed at this time for the purpose of preparing plans, to be submitted to the various Governments, for an international inquiry into the high cost of living, its extent, causes, effects, and possible remedies. I therefore recommend that, to enable the President to invite foreign Governments to such a conference, to be held at Washington or elsewhere, the Congress provide an appropriation, not to exceed $20,000, to defray the expenses of preparation and of participation by the United States.

The numerous investigations on the subject, official or other, already made in various countries (such as Austria, Belgium, Canada, Denmark, France, Germany, Great Britain, Italy, the Netherlands, and the United States) have themselves strongly demonstrated the need of further study of world-wide scope. Those who have conducted these investigations have found that the phenomenon of rising prices is almost if not quite general throughout the world; but they are baffled in the attempt to trace the causes by the impossibility of making any accurate international comparisons. This is because, in spite of the number of investigations already made, we are still without adequate data and because as yet no two countries estimate their price levels on the same basis or by the same methods.

As already indicated, the preliminary conference itself would entail a comparatively small expense, and most of the subsequent investigations for which it would prepare the way could be carried out by existing bureaus in this and other Governments as part of their regular work and would require little, if any, additional appropriations for such bureaus.

COMMISSION ON INDUSTRIAL RELATIONS.

The extraordinary growth of industry in the past two decades and its revolutionary changes have raised new and vital questions as to the relations between employers and wage earners which have become matters of pressing public concern. These questions have been somewhat obscured by the profound changes in the relations between competing producers and producers as a class and consumers—in other words, by the changes which, among other results, have given rise to

what is commonly called the trust problem. The large-scale production characteristic of modern industry, however, involves the one set of relations no less than the other. Any interruption to the normal and peaceful relations between employer and wage earner involves public discomfort and in many cases public disaster. Such interruptions become, therefore, quite as much a matter of public concern as restraint of trade or monopoly.

Industrial relations concern the public for a double reason. We are directly interested in the maintenance of peaceful and stable industrial conditions for the sake of our own comfort and well-being; but society is equally interested, in its sovereign civic capacity, in seeing that our institutions are effectively maintaining justice and fair dealing between any classes of citizens whose economic interests may seem to clash. Railway strikes on such a scale as has recently been witnessed in France and in England, a strike of coal-mine workers such as we have more than once witnessed in this country, and such a wholesale relinquishing of a public service as that of the street cleaners recently in New York, illustrate the serious danger to public well-being and the inadequacy of the existing social machinery either to prevent such occurrences or to adjust them on any equitable and permanent basis after they have arisen.

In spite of the frequency with which we are exposed to these dangers and in spite of the absence of provision for dealing with them, we continue to assume with easy-going confidence that in each new case, somehow or other, the parties to the dispute will find some solution which will be agreeable to themselves and consistent with the public interest. We all see the grave objections to strikes and lockouts, however necessary they may be in extreme cases; and we are ready to criticise the more extreme phases of the industrial conflict such as boycotts and blacklists; but we leave the situation such that industrial disputes lead inevitably to a state of industrial war in which these are the only weapons left to the two combatants. No more clumsy or expensive method of determining the rate of wages and the hours and conditions of labor could well be devised. The successful operation of the Erdman Act as between interstate railroads and their employees shows how much good can be done by proper legislation.

At the moment when the discomforts and dangers incident to industrial strife are actually felt by the public there is usually an outcry for the establishment of some tribunal for the immediate settlement of the particular dispute. But what is needed is some system, devised by patient and deliberate study in advance, that will meet these constantly occurring and clearly foreseeable emergencies—not a makeshift to tide over an existing crisis. Not during the rainstorm but in fair weather should the leaking roof be examined and repaired.

The magnitude and complexity of modern industrial disputes have put upon some of our statutes and our present mechanism for adjusting such differences—where we can be said to have any mechanism at all—a strain they were never intended to bear and for which they are unsuited. What is urgently needed to-day is a reexamination of our laws bearing upon the relations of employer and employee and a careful and discriminating scrutiny of the various plans which are being tried in several of our own States and in other countries. This would seem to be the first natural step in bringing about an adjustment of these relations better suited to the newer conditions of industry.

Numerous special investigations, official and unofficial, have revealed conditions in more than one industry which have immediately been recognized on all sides as entirely out of harmony with accepted American standards. It is probable that to a great extent the remedies for these conditions, so far as the remedies involve legislation, lie in the field of State action; but such a comprehensive inquiry as is necessary to furnish a basis for intelligent action must be undertaken on national initiative and must be nation-wide in its scope. In view of the results that have followed the activities of the Federal Government in education, in agriculture, and in other fields which do not lie primarily within the field of Federal legislation, there can be no serious argument against the propriety or the wisdom of an inquiry by the Federal Government into the general conditions of labor in the United States, notwithstanding the fact that some of the remedies will lie with the separate States, or even entirely outside the sphere of governmental activity, in the hands of private individuals and of voluntary agencies. One legitimate object of such an official investigation and report is to enlighten and inform public opinion, which of itself will often induce or compel the reform of unjust conditions or the abatement of unreasonable demands.

The special investigations that have been made of recent industrial conditions, whether private or official, have been fragmentary, incomplete, and at best only partially representative or typical. Their lessons, nevertheless, are important, and until something comprehensive and adequate is available they serve a useful purpose, and they will necessarily continue to be made. But unquestionably the time is now ripe for a searching inquiry into the subject of industrial relations which shall be official, authoritative, balanced, and well rounded, such as only the Federal Government can successfully undertake. The present widespread interest in the subject makes this an opportune time for an investigation, which in any event can not long be postponed. It should be nonpartisan, comprehensive, thorough, patient, and courageous.

There is already available much information on certain aspects of the subject in the reports of the Federal and State Bureaus of Labor

and in other official and unofficial publications. One essential part of the proposed inquiry would naturally be to assemble, digest, and interpret this information so far as it bears upon our present industrial conditions. In addition to this the commission should inquire into the general conditions of labor in our principal industries, into the existing relations between employers and employees in those industries, into the various methods which have been tried for maintaining mutually satisfactory relations between employees and employers and for avoiding or adjusting trade disputes, and into the scope, methods, and resources of Federal and State Bureaus of Labor and the methods by which they might more adequately meet the responsibilities which, through the work of the commission above recommended, would be more clearly brought to light and defined.

MISBRANDING IMPORTED GOODS.

My attention has been called to the injustice which is done in this country by the sale of articles in the trade purporting to be made in Ireland, when they are not so made, and it is suggested that the justice of the enactment of a law which, so far as the jurisdiction of the Federal Government can go, would prevent a continuance of this misrepresentation to the public and fraud upon those who are entitled to use the statement in the sale of their goods. I think it to be greatly in the interest of fair dealing, which ought always to be encouraged by law, for Congress to enact a law making it a misdemeanor, punishable by fine or imprisonment, to use the mails or to put into interstate commerce any articles of merchandise which bear upon their face a statement that they have been manufactured in some particular country when the fact is otherwise.

BUILDING FOR PUBLIC ARCHIVES.

I can not close this message without inviting the attention of Congress again to the necessity for the erection of a building to contain the public archives. The unsatisfactory distribution of records, the lack of any proper index or guide to their contents, is well known to those familiar with the needs of the Government in this Capital. The land has been purchased and nothing remains now but the erection of a proper building. I transmit a letter written by Prof. J. Franklin Jameson, director of the department of historical research of the Carnegie Institution of Washington, in which he speaks upon this subject as a member of a committee appointed by the executive council of the American Historical Association to bring the matter to the attention of the President and Congress.

WM. H. TAFT.

SPECIAL MESSAGE.

[Transmitting the report of the Employers' Liability and Workmen's Compensation Commission.]

THE WHITE HOUSE, *February 20, 1912.*

To the Senate and House of Representatives:

I have the honor to transmit herewith the report of the Employers' Liability and Workmen's Compensation Commission, authorized by joint resolution No. 41, approved June 25, 1910, "To make a thorough investigation of the subject of Employers' Liability and Workmen's Compensation, and to submit a report through the President to the Congress of the United States."

The commission recommends a carefully drawn bill, entitled "A bill to provide an exclusive remedy and compensation for accidental injuries resulting in disability or death, to employees or common carriers by railroads engaged in interstate or foreign commerce, or in the District of Columbia, and for other purposes." This bill works out in detail a compensation for accidental injuries to employees of common carriers in interstate railroad business, on the theory of insuring each employee against the results of injury received in the course of the employment, without reference to his contributory negligence, and without any of the rules obtaining in the common law limiting the liability of the employer in such cases. The only case in which no compensation is to be allowed by the act is where the injury or death of the employee is occasioned by his willful intention to bring about the injury or death of himself or of another, or when the injury results from his intoxication while on duty.

It is unnecessary to go into the details of the bill. They are, however, most admirably worked out. They provide for a medical and hospital service for the injured man, for a notice of the injury to the employer, where such notice is not obviously given by the accident itself; for the fixing of the recovery by agreement; if not by agreement, by an official adjuster, to be confirmed by the court, and, if a jury is demanded, to be passed on by a jury. The amount of recovery is regulated in proportion to the wages received, and the more or less serious character of the injury where death does not ensue, specific provision being made for particular injuries in so far as they can be specified. The compensation is to be made in the form of annual payments for a number of years or for life. The fees to be paid to attorneys are specifically limited by the act. The remedies offered are exclusive of any other remedies. The statistical investigation seems to show that under this act the cost to the railroads would be perhaps 25 per cent more than the total cost which they now incur.

The report of the commission has been very able and satisfactory, the investigations have been most thorough, and the discussion of the constitutional questions which have arisen in respect to the validity of the bill is of the highest merit.

Three objections to the validity of the bill of course occur:

In the first place, the question arises whether under the provisions of the commerce clause the bill could be considered to be a regulation of interstate and foreign commerce. That seems to be already settled by the decision of the Supreme Court in the employers' liability case.

The second question is whether the making of these remedies exclusive and the compelling of the railroad companies to meet obligations arising from injuries, for which the railroad would not be liable under the common law, is a denial of the due process of law which is enjoined upon Congress by the fifth amendment to the Constitution in dealing with the property rights. This question the report takes up, and in an exhaustive review of the authorities makes clear, as it seems to me, the validity of the act. This is the question which in the Court of Appeals of the State of New York was decided adversely to the validity of the compensation act adopted by the legislature of that State. How far that act and the one here proposed differ it is unnecessary to state. It is sufficient to say that the argument of the commission is most convincing to show that the police power of the Government exercised in the regulation of interstate commerce is quite sufficient to justify the imposition upon the interstate railroad companies of the liability for the injuries to its employees on an insurance basis.

The third objection is that the right of trial by jury, guaranteed by the seventh amendment, is denied. As a matter of fact, the right is preserved in this act by permitting a jury to pass on the issue when duly demanded, in accordance with the limitation of the act.

I sincerely hope that this act will pass. I deem it one of the great steps of progress toward a satisfactory solution of an important phase of the controversies between employer and employee that has been proposed within the last two or three decades. The old rules of liability under the common law were adapted to a different age and condition and were evidently drawn by men imbued with the importance of preserving the employers from burdensome or unjust liability. It was treated as a personal matter of each employee, and the employer and the employee were put on a level of dealing, which, however it may have been in the past, certainly creates injustice to the employee under the present conditions.

One of the great objections to the old common-law method of settling questions of this character was the lack of uniformity in the recoveries made by injured employees, and by the representatives of those who suffered death. Frequently meritorious cases that appealed

strongly to every sense of human justice were shut out by arbitrary rules limiting the liability of the employer. On the other hand, often by perjured evidence and the undue emotional generosity of the jury, recoveries were given far in excess of the real injury, and sometimes on facts that hardly justified recovery at all. Now, under this system the tendency will be to create as nearly a uniform system as can be devised; there will be recoveries in every case, and they will be limited by the terms of the law so as to be reasonable.

The great injustice of the present system, by which recoveries of verdicts of any size do not result in actual benefit to the injured person because of the heavy expense of the litigation and the fees charged by the counsel for the plaintiff, will disappear under this new law, by which the fees of the counsel are limited to a very reasonable amount. The cases will be disposed of most expeditiously under this system, and the money will be distributed for the support of the injured person over a number of years, so as to make its benefit greater and more secure.

Of course the great object of this act is to secure justice to the weaker party under existing modern conditions, but a result hardly less important will follow from this act that I can not fail to mention.

The administration of justice to-day is clogged in every court by the great number of suits for damages for personal injury. The settlement of such cases by this system will serve to reduce the burden of our courts one-half by taking the cases out of court and disposing of them by this short cut. The remainder of the business in the courts will thus have greater attention from the judges, and will be disposed of with much greater dispatch. In every way, therefore, the act demands your earnest consideration, and I sincerely hope that it may be passed before the adjournment of this session of Congress.

There accompanies the letter of transmittal of Senator Sutherland not only the report of the commission but also the hearings of witnesses by the commission, all of which is herewith submitted.

WM. H. TAFT.

SPECIAL MESSAGE.

[Transmitting the Annual Report of the Postmaster General for the fiscal year ended June 30, 1911; and the Report of the Commission on Second-class Mail Matter.]

THE WHITE HOUSE, *February 22, 1912.*

To the Senate and House of Representatives:

In transmitting the annual report of the Postmaster General for the fiscal year ended June 30, 1911, it gives me pleasure to call

attention to the fact that the revenues for the fiscal year ended June 30, 1911, amounted to $237,879,823.60 and that the expenditures amounted to $237,660,705.48, making a surplus of $219,118.12. For the year ended June 30, 1909, the postal service was in arrears to the extent of $17,479,770.47. In the interval this very large deficit has been changed into a surplus, and that without the curtailment of postal facilities. Indeed, in the same time there have been established 3,744 new post offices, delivery by carrier provided in 186 additional cities, and new rural routes established, 2,516 in number and aggregating 60,679 miles in extent. The force of postal employees has been increased by more than 8,000, and a liberal policy in the matter of salaries has been followed, so that the amount expended for salaries is now $14,000,000 more than two years ago. The average salary has been increased from $869 to $967 for rural carriers, $979 to $1,082 for post office clerks, $1,021 to $1,084 for city letter carriers, and $1,168 to $1,183 for railway postal clerks.

The report shows that the postal-savings system was begun experimentally in January, 1911, and that it has now been extended so as to include 7,500 presidential post offices, which includes practically all of the post offices of that class. Preparations are also being made to establish the system at about 40,000 fourth-class offices. The deposits in 11 months have reached a total of $11,000,000, distributed among 2,710 national and State banks.

The Postmaster General recommends, as I have done in previous messages, the adoption of a parcel post, and the beginning of this in the organization of such service on rural routes and in the City Delivery Service first.

The placing of assistant postmasters in the classified service has secured greater efficiency. It is hoped that the same thing may be done with all the postmasters.

The report of the Postmaster General is full of statements of the important improvements in the organization and methods of the postal service made since the last annual report, and of tentative drafts of legislation embodying certain recommendations of the department which need legislation to carry them out.

There is only one recommendation in which I can not agree—that is one which recommends that the telegraph lines in the United States should be made a part of the postal system and operated in conjunction with the mail system. This presents a question of Government ownership of public utilities which are now being conducted by private enterprise under franchises from the Government. I believe that the true principle is that private enterprise should be permitted to carry on such public utilities under due regulation as to rates by proper authority rather than that the Government should itself conduct them. This

principle I favor because I do not think it in accordance with the best public policy thus greatly to increase the body of public servants. Of course, if it could be shown that telegraph service could be furnished to the public at a less price than it is now furnished to the public by telegraph companies, and with equal efficiency, the argument might be a strong one in favor of the adoption of the proposition. But I am not satisfied from any evidence that if these properties were taken over by the Government they could be managed any more economically or any more efficiently or that this would enable the Government to furnish service at any smaller rate than the public are now required to pay by private companies.

More than this, it seems to me that the consideration of the question ought to be postponed until after the postal savings banks have come into complete and smooth operation and after a parcels post has been established not only upon the rural routes and the city deliveries but also throughout the department. It will take some time to perfect these additions to the activities of the Post Office Department, and we may well await their complete and successful adoption before we take on a new burden in this very extended department.

I cannot speak with too great emphasis of the improvement in the Post Office Department under the present management. The cutting down of cost, the shortening of methods, and the increase in efficiency are shown by the statistics of the Annual Report.

One of the most important matters referred to by the Postmaster General is the proposed fixing of new rates of postage for second-class mail matter. In connection with this subject, I have the honor to transmit herewith the report of the Commission on Second-Class Mail Matter, appointed pursuant to a joint resolution of the Sixty-first Congress, approved March 4, 1911.

The commission consists of Hon. Charles E. Hughes, Associate Justice of the Supreme Court of the United States; President A. Lawrence Lowell, of Harvard University; and Mr. Harry A. Wheeler, president of the Association of Commerce of the city of Chicago, whose character, ability, and experience command for their findings and recommendations the respect and confidence of the Congress and the country.

The report discloses a most exhaustive and critical inquiry into the subject of second-class mail matter after adequate notice to all the parties in interest. Extensive hearings were held by the commission, at which the Postmaster General and the Second and Third Assistant Postmasters General appeared and submitted formal statements presenting the various contentions of the Post Office Department, together with all the relevant official data and evidence relating to the cost of handling and transporting second-class mail matter. Certain of the

leading magazines were represented by counsel, while various other publications appeared by representatives and were heard in oral argument or permitted to submit written briefs setting forth their respective reasons for opposing a change in the present postage rate on second-class mail. The Second and Third Assistant Postmasters General, together with minor officers of the department, were critically cross-examined by the counsel and representatives of the periodicals, and all the various phases of the second-class postage problem were made the subject of a most painstaking investigation.

The findings of the commission confirm the view that the cost of handling and transporting second-class mail matter is greatly in excess of the postage paid, and that an increase in the rate is not only justified by the facts, but is desirable.

The commission reports that the evidence submitted for its consideration is sufficient to warrant a finding of the approximate cost of handling and transporting the several classes of second-class mail known as paid-at-the-pound rate, free-in-county, and transient matter, in so far as relates to the services of transportation, post-office cars, railway distribution, rural delivery, and certain other items of cost, but that it is without adequate data to determine the cost of the general post-office service and also what portion of the cost of certain other aggregate services is properly assignable to second-class mail matter. It finds that in the fiscal year 1908, the period for which the statistics for the Post Office Department were compiled, the cost of handling and transporting second-class mail, in the items of transportation, post-office cars, railway distribution, rural delivery, and certain miscellaneous charges, was approximately 6 cents a pound for paid-at-the-pound-rate matter, and for free-in-county and transient matter each approximately 5 cents a pound, and that upon this basis, as modified by subsequent reductions in the cost of railroad transportation, the cost of paid-at-the-pound-rate matter, for the services mentioned, is now approximately 5½ cents a pound, while the cost of free-in-county and transient matter remains as formerly, namely, each at approximately 5 cents a pound.

Since the commission has determined that the cost of handling and transporting second-class mail is approximately 5½ cents for matter paid-at-the-pound-rate and approximately 5 cents each for free-in-county and transient matter, without taking into account the cost of the general post-office service and certain unassignable items of expense, it is apparent that the aggregate cost of all service performed by the postal establishment in connection with this class of mail matter is considerably above that amount.

The postal service is now, for the first time in years, operated upon a self-sustaining basis, and in my judgment this is a wise policy; but it

should not be carried out at the expense of certain classes of mail matter that pay revenue largely in excess of their cost. It is not just that some classes of mail should be exorbitantly taxed to meet a deficiency caused by other classes, the revenue from which is much below their cost of handling and carriage. Where such inequalities exist they should be removed as early as practicable. The business enterprises of the publishers of periodicals, however, have been built up on the basis of the present second-class rate, and therefore it would be manifestly unfair to put into immediate effect a large increase in postage. That newspapers and magazines have been potent agencies for the dissemination of public intelligence and have consequently borne a worthy part in the development of the country all must admit; but it is likewise true that the original purpose of Congress in providing for them a subvention by way of nominal postal charges in consideration of their value as mediums of public information ought not to prevent an increase, because they are now not only educational but highly profitable. There is no warrant for the great disparity between existing postage rates on periodicals and the cost of the service the Government performs for them. The aggregate postal revenues for the fiscal year 1911 were $237,879,823.60, derived mainly from the postage collected on the four classes of mail matter. It is carefully estimated by the Post Office Department that the revenue derived from mail matter of the first class is approximately one and one-half times the cost of handling and carriage; that the returns from third and fourth class matter are slightly in excess of their cost of handling and carriage; and that while second-class matter embraces over 65 per cent of the entire weight of all the mail carried, it, nevertheless, yields little more than 5 per cent of the postal revenues.

The recommendations of the commission as to the postage rates on second-class mail are as follows:

1. The rate of 2 cents a pound on copies mailed by publishers to subscribers, to news agents, and as sample copies, and by news agents to their subscribers or to other news agents.
2. The rate of 1 cent for each 4 ounces for copies mailed by other than publishers and news agents; that is, the present transient rate.
3. The present free-in-county privilege retained, but not extended.

The commission also recommended that the cent-a-copy rate for newspapers other than weeklies and for periodicals not exceeding 2 ounces in weight, and the 2-cent-a-copy rate for periodicals exceeding 2 ounces in weight, when mailed at a city letter-carrier office for local delivery, be abolished.

As to the effect and adequacy of the proposed increase of 1 cent a pound in postage the commission says:

Such an increase will not, in the opinion of the commission, bring distress upon the publishers of newspapers and periodicals, or seriously interfere with the dissemination of useful news or information. A reasonable time should be allowed, after the rate is fixed, before it is put into effect. While the new rate will be very far from compensating the Government for the carriage and handling of second-class matter, it will to some extent relieve the existing burden and result in a more equitable adjustment of rates.

The commission suggests that the department "maintain an adequate cost system, so that the effect of the new rates may be closely observed and a proper basis may be secured for the consideration of any future proposals."

In these recommendations the Postmaster General and I heartily concur and commend them to the early attention of Congress. The proposed increase of 1 cent a pound in the second-class postage rate, I believe, to be most reasonable, and if sufficient time is allowed before the change goes into effect it should work little serious injury to the business of the periodical publishers, while equalizing, at least in a measure, the burdens of postal taxation.

WM. H. TAFT.

SPECIAL MESSAGE.

[On Economy and Efficiency in the Government Service.]

THE WHITE HOUSE, *April 4, 1912.*

To the Senate and House of Representatives:

On the 17th of January last I sent a message to the Congress describing the work of the commission appointed by me under authority of the acts of June 25, 1910, and March 3, 1911, granting appropriations to enable me to inquire into the methods of transacting the public business of the various executive departments and other governmental establishments, and to make report as to improved efficiency and greater economy to be obtained in the expenditure of money for the maintenance of the Government. By way of illustrating the utility of the commission, and the work which they were engaged upon, I referred to a number of reports which they had filed, recommending changes in organization of the departments and bureaus of the Government, the avoidance of duplication of functions and services, and the installation of labor-saving devices and improved office methods. All of the recommendations looked to savings of considerable amounts. With the message of February 5, 1912, I transmitted to the Congress the reports on the centralization of distribution of Government documents, on the

use of window envelopes, and on the use of a photographic process for copying records.

A number of the reports of the commission had not then been commented on by the heads of the departments that would be affected by the changes recommended, and therefore I did not feel justified at that time in recommending to the Congress the statutory amendments necessary to carry out the recommendations of the commission. Since then, however, I have received the recommendations of the heads of departments, and I transmit this message for the purpose of expressing my approval of the changes recommended by the commission and of laying before the Congress the reports prepared by the commission.

LOCAL OFFICES SHOULD BE IN THE CLASSIFIED SERVICE.

POST OFFICES.

I have several times called attention to the advantages to be derived from placing in the classified service the local officers under the Departments of the Treasury, of the Post Office, of Justice, of the Interior, and of Commerce and Labor. In my message submitted to the Congress on January 17th I referred to the loss occasioned to the Government because of the fact that in many cases two persons are paid for doing work that could easily be done by one. In the meantime I have caused an inquiry to be made as to the amount in money of this loss. The results of this inquiry are that the loss amounts to at least $10,000,000 annually. For example, it appears that a very substantial economy would result from putting experienced and trained officers in charge of the first and second class post offices instead of selecting the postmasters in accordance with the present practice. As the annual operating expenses of the first and second class offices aggregate the enormous sum of more than $80,000,000, undoubtedly if the postmasters of these offices were embraced in the classified service, and required to devote all their time to the public service, the annual savings would eventually represent many millions of dollars. The saving in salaries alone, not taking into account any saving due to increased efficiency of operation, would amount to about $4,500,000. At the present time the salaries of postmasters of the first and second class amount to $6,076,900, while the salaries of assistant postmasters of the same classes amount to $2,820,000. If the position of postmaster were placed in the classified service and those officers were given salaries equal to 20 per cent more than the salaries now given to the assistant postmasters, the latter position being no longer required, there would be a saving in salaries to the Government of $4,512,900. In the case of postmasters at offices of the third class a large annual saving could be made.

PENSION AGENCIES.

An annual saving of nearly $62,000 could be made if the position of pension agent were placed in the classified service, since the work now done by a pension agent at a salary of $4,000 and a chief clerk at a salary ranging between $1,400 and $2,250 could easily be done by one person in the permanent classified service at a salary varying from $2,100 to $3,000. Greater economy and efficiency would result from the abolition of the pension agencies and from the adoption of a plan in accordance with which pensions would be paid by the Pension Office in Washington.

DISTRICT LAND OFFICES.

What is true in the matter of payment of pensions is also true in the service under the General Land Office. The field service of this office could be more efficiently and economically operated if it were provided by law that the office of receiver of district land offices be abolished and the duties transferred to the register, assisted by a bonded clerk, and the register placed in the classified service. It has several times been estimated that more than $200,000 would be saved annually and the efficiency of the service greatly increased by the adoption of such a plan.

INTERNAL-REVENUE AND CUSTOMS OFFICES.

Large expenditures are made for salaries of political appointees in the internal-revenue and customs services. In both services a direct saving in salaries, and an indirect economy through increased efficiency, would follow a transfer of such offices to the classified service.

OTHER LOCAL OFFICES.

In the other field services the saving which would result from the classification of the local officers under the departments is not as marked or probably capable of as exact estimation as in those mentioned, but there is no doubt that substantial savings would follow. It is not to be doubted that where no saving would result the classification of the local officers would increase the efficiency of the service. It would be desirable also to place all marshals, deputy marshals, and assistant attorneys in the classified service, although but little direct economy would result. Supervising inspectors in the Steamboat Inspection Service and the members of the field service in the Bureau of Fisheries should be placed in the classified service.

COMMISSION'S REPORT ON LOCAL OFFICES.

The report on methods of appointment submitted to me by the commission, which covers fully the subject of appointments by the President by and with the advice and consent of the Senate, and recommends that various local officers, such as postmasters, collectors of internal revenue, etc., and heads of bureaus in the departmental service, be included in the classified service, is transmitted herewith (Appendix No. 1.) The report and recommendations are approved by me.

LEGISLATION NEEDED TO ESTABLISH THE MERIT SYSTEM.

In the interest of an efficient and economical administration of the vast business of the Government, I urge the necessity for the inauguration of this important reform, and recommend that the necessary amendments be made to the laws governing appointments, such amendments to take effect not later than July 1, 1913, so that there may be secured to the people the benefits to be derived from a conduct of their affairs by officers selected on a merit basis and devoting their time and talents solely to the duties of their offices.

CONSOLIDATION OF LIGHTHOUSE AND LIFE-SAVING SERVICES.

The commission's report (Appendix No. 2) recommends that the Life-Saving Service of the Department of the Treasury be discontinued as a separate organization and that the maintenance and operation of the life-saving stations of the country be made one of the duties of the Bureau of Lighthouses of the Department of Commerce and Labor. I concur in this recommendation and urge that the necessary legislation for carrying it into effect be enacted.

Both of these services are organized and maintained for the same general purpose—the protection of life and property endangered along the coasts and other navigable waters. Both maintain stations along the coast, which are located for the most part in close proximity. Both have substantially the same business problems to meet in locating, constructing, and maintaining these stations; in recruiting the personnel; in manufacturing or purchasing equipment; in purchasing, housing in depots, and distributing supplies; in operating a field-inspection service; in maintaining telephonic and other means of communication; in disbursing funds; in keeping proper books of accounts; and in rendering reports showing financial and other transactions. The maintenance of two separate services, as at present, means a duplication of organization in respect to all of these operations. The recommendation of the commission does not contemplate any essential change in the work of the life-saving stations; it is for the transfer of the business manage-

ment of these institutions to the Bureau of Lighthouses. That bureau being fully organized for the administration of stations of this character will be able to direct and manage these stations with comparatively little addition to its present force and equipment. The commission estimates that, in addition to the advantage that will be obtained through having these two services operated by the same organization, a direct economy will be secured of at least $100,000 annually, and that the saving will greatly exceed this sum after the first year.

REVENUE-CUTTER SERVICE.

The report of the commission on the Revenue-Cutter Service (Appendix No. 3) represents a detailed investigation of the history, organization, and activities of this branch of the Government service and its relations to other services. The conclusion is reached that all of the duties now being performed by this service can be performed with equal efficiency by other services and that a great economy will result by having these duties so performed. The commission accordingly recommends that the service be abolished as a distinct organization; that its equipment be distributed among other services requiring the use of marine craft; and that provision be made for the performance of the work now being done by it by such other services.

With these fundamental recommendations of the commission I am in full accord, and I recommend that the necessary legislation be enacted to put them into effect.

At the present time the Revenue-Cutter Service is organized as a Naval Establishment. The country is, in effect, maintaining two navies, and is using one of these navies for the performance of duties of a civil character. The maintenance of two separate naval establishments entails unnecessary expense and is not in the interest of either efficiency or economy. In so far as the duties of the Revenue-Cutter Service are of a naval character, or are such as can readily be performed by the regular Naval Establishment, they should be performed by such establishment; in so far as they are of a purely civil character, use should be made of services organized and conducted upon a civil basis.

In respect to the distribution of the equipment and duties of the Revenue-Cutter Service among other branches of the Government, the recommendation of the commission looks to the transfer to the Navy Department of the vessels which are adapted to deep-sea cruising and the discharge by the Naval Establishment of most of the duties now performed by the Revenue-Cutter Service upon the high seas. In memoranda submitted on the report of the commission, copies of which are submitted with such report, on the one hand the Secretary of the Navy raises the question as to whether these duties can be performed

by the regular Naval Establishment without detracting from its military efficiency, while on the other hand the Secretary of Commerce and Labor raises the question whether certain of these duties can not be performed by the Lighthouse Service if that service is provided with vessels suitable for the purpose.

In view of these suggestions I recommend that, in the enactment of legislation providing for the abolition of the Revenue-Cutter Service, provision be made for the transfer of all the vessels and equipment of the Revenue-Cutter Service from the Treasury Department to the Department of Commerce and Labor; that the Secretary of Commerce and Labor be directed to assign such vessels and equipment to the Lighthouse Establishment, Bureau of Fisheries, and other services under his jurisdiction requiring the use of vessels, as, in his judgment, is for the best interest of the public service, and that authority be given to him to turn over to the Navy such vessels as he may find, upon investigation, not to be required by his department and which by their character are fitted to serve as useful auxiliaries to the Naval Establishment.

In thus recommending that the Revenue-Cutter Service as a separate establishment be abolished, I desire to make plain that such action does not carry with it the discontinuance of the rendering of any valuable and proper service now being rendered by that organization. On the contrary, I am persuaded that all such services will continue to be performed under the system recommended by me with equal or greater efficiency.

It should be noted that the adoption of the recommendation here made will result in bringing under one general administration all of the work of the Government having to do with the protection of life and property at sea. This will result not only in greatly increased efficiency, but in a large saving. The Lighthouse Establishment is compelled by the nature of the work to maintain and operate a large fleet of vessels and supplementary administrative divisions, depots, inspection services, etc., to attend to matters pertaining to their business management. It is thus fully prepared to take over and operate the additional vessels that may be assigned to it and to perform the additional duties with which it may be intrusted at an added expense that will be small in comparison with that now entailed in maintaining an independent service on a military basis.

A further benefit of no little importance that will also be secured will be that of relieving the Department of the Treasury of duties which are in no ways germane to the primary function of that department.

THE CONSOLIDATION OF AUDITING OFFICES.

The report upon the organization and methods of work of the accounting offices of the Treasury (Appendix No. 4) recommends that

the offices of the six auditors be consolidated under one auditor, and that the auditors of customs accounts located at the principal ports, and known as naval officers, be made assistants to the auditors. An increase in the efficiency of the Treasury audit will be one result of the carrying out of these recommendations, and the saving of expense when the consolidation has been fully completed will amount to at least $200,000 a year, based upon current appropriations. The present organization, under which six independent auditors are engaged in the one work of final audit of the Government accounts, is certainly one that can produce only diversity of practice and procedure, inefficient use of personnel and equipment, and delay and uncertainty of requirements from which the public as well as officers of the Government must suffer.

In my opinion a change in law to carry into effect these recommendations of the commission, which have my approval, will be in the interest of the public service.

THE RETURNS OFFICE.

The report upon the "Returns Office" of the Department of the Interior (Appendix No. 5) recommends the abolition of that office and that provision for public inspection of Government contracts be made through the office of the auditors of the Treasury, in which offices the originals of all contracts are filed. It also recommends the substitution of a certificate for the affidavit required to be attached to the contracts of the Departments of War, the Navy, and the Interior, and an amendment of the statute which now requires all the contracts of those departments to be in writing. I transmit letters from the secretaries of the departments referred to, concurring in the conclusions and recommendations of the commission. I approve the report and commend it to the favorable consideration of the Congress.

GOVERNMENT EXPENSES FOR TRAVEL.

The report upon "Travel expenditures" of officers and employees of the Government (Appendix No. 6) presents a view of existing conditions that can lead to but one conclusion—that under the existing laws, and regulations and practices pursuant thereto, the allowances for travel are as varied as there are executive departments. The same classes of officers and employees are receiving different rates of allowances, depending only upon the department or bureau in which they are employed. Under similar conditions there should be uniformity. The report recommends that all allowances in the form of mileage be discontinued and that actual cost of transportation be paid; that in lieu of payment of actual cost of other expenses, commonly known as

subsistence, which would include lodging, a scale of per diem allowances be established by the President for the several classes of officers and employees. It is also recommended by the commission that all accounts for reimbursement of traveling expenses shall be certified as to correctness in lieu of the requirement of law in many cases that the verification be by affidavit. The latter procedure is troublesome and expensive, and the penalty for a false certification is fully as valuable in its deterrent effect as the penalty for making a false affidavit.

With the report are the comments of the War and the Navy Departments, made at my request. The report of the commission has my approval, and the suggestions therein for a change in the law on the subject are submitted with a request for action in accordance therewith.

HANDLING AND FILING OF CORRESPONDENCE.

The handling and filing of correspondence constitutes one of the business processes of the Government to which, as pointed out in my message of January 17, the commission has paid especial attention. The investigations of existing conditions have brought out clearly that, in many cases, present methods are inefficient and entail large, unnecessary costs. The features of present practices which stand out most prominently as entailing large, unnecessary labor and expense pertain to the briefing, press-copying, and recording and indexing of communications. A statement has been prepared giving the results of an investigation of the salary cost entailed in performing these operations in the several departments at Washington. It is the opinion of the commission that the operations of briefing and press-copying letters can be entirely eliminated, and that the recording and indexing of incoming and outgoing letters can be reduced at least 50 per cent.

Though the commission is making independent investigations of methods followed in handling and filing correspondence in certain bureaus and services, the results of which will be embodied in reports describing such methods, pointing out wherein they are defective, and recommending changes to make them conform to the most approved practices, the general policy pursued is that of working in close cooperation with the departments and services through the means of joint committees. To the end that these committees might all work as nearly as possible along uniform lines, and that the departments and establishments might have before them the conclusions reached by the commission relative to fundamental principles and the best practices in respect to the performance of this class of work, the commission has prepared, and I have sent to the heads of departments a memorandum setting forth the principles which should govern in the matter of handling and filing of correspondence. This memorandum also contains

suggestions for the use of labor-saving devices in preparing and mailing letters. I am transmitting herewith a copy of this memorandum (Appendix No. 7).

On the basis of this memorandum active efforts are now being made in all of the departments for the improvement of the methods of handling and filing of correspondence. These efforts have resulted in radical changes in existing methods and the effecting of large economies. The flat-filing system has been substituted for the old cumbrous folded and indorsement system. Carbon copies of letters have been substituted for press copies. The briefing of documents has been entirely discontinued in a number of services, and in others the maintenance of book records of incoming and outgoing communications has been discontinued. The effort is being made to make correspondence files self-indexing, and thus avoid the necessity for making and using secondary finding devices. This work can only be intelligently prosecuted as the result of painstaking and detail investigation of the special conditions to be met in each particular service. Many months will, therefore, be required to carry out this work throughout the entire Government. It is of the utmost importance that the work should be prosecuted under a general supervision or direction such as is furnished by the present commission.

DISTRIBUTION OF GOVERNMENT DOCUMENTS.

Attention is called to the report of the commission, transmitted to the Congress with my message of February 5th and to the supplementary statement sent herewith (Appendix No. 8) on the centralization of distribution of Government publications. By adopting this recommendation it is conservatively estimated that $242,000 can be saved. This is exclusive of the saving which could be made by handling the congressional documents in the same manner. An account kept for 31 days with the volume of this business of handling congressional documents showed an average of 21 tons per day. These documents were first taken from the Printing Office to the Capitol, then from the Capitol to the post office, then hauled back to the Union Station, the latter being but a short distance from the Printing Office. An up-to-date plant at the Printing Office which could handle all this would entail an increased capital outlay for permanent equipment of only about $75,000. The recommendation for centralizing the distribution of documents from the departments, if acted on, will affect the appropriations of seven departments, five independent establishments, and the Washington post office.

I may say in connection with this report and recommendation that the House of Representatives, in passing the agricultural appropriation bill for the fiscal year 1913, instead of reducing the cost of distributing

Government publications in the Department of Agriculture by $137,000, has increased to the extent of $13,260 the amount appropriated for salaries for the Division of Publications over the appropriation for the current year.

OUTLINES OF ORGANIZATION.

The outlines of organization of the Government, which were transmitted with the message of January 17th, have been sent to each of the departments, with a request that orders issue which will require that the outline be kept up to date (Appendix No. 9). This will not only make available at all times the information needed by Congress or the administration when called for, and assist materially in the preparation of estimates of appropriations, but will make unnecessary the publication of the official register, thereby saving approximately $45,000 for each issue.

CONCLUSION.

In submitting these reports, with recommendations, I will state that in my opinion each of the foregoing recommendations, if acted on, will contribute largely to increase efficiency. Directly and indirectly the changes proposed will result in the saving of many millions of dollars of public funds. This will leave the Congress free to determine whether the amount thus saved shall be utilized to reduce taxation or to provide funds with which to extend activities already carried on and to enter on beneficial projects which otherwise could not be undertaken for lack of funds.

Again I urge upon the Congress the desirability of providing whatever funds can be used effectively to carry forward with all possible vigor the work now well begun. The $200,000 required for the prosecution of the inquiry during the ensuing year, and the $50,000 estimated for the publication of results, are inconsiderable in comparison with the economies which can be realized.

WM. H. TAFT.

VETO MESSAGE.

[Returning to the House of Representatives, without approval, H. R. 22195, "An Act to Reduce the Duties on Wool and the Manufactures of Wool," and stating certain objections thereto.]

THE WHITE HOUSE, *August 9, 1912.*

To the House of Representatives:

On December 20, 1911, I sent a message to the Congress, recommending a prompt revision of the tariff on wool and woolens. I urged a reduction of duties which should remove all the excesses and

inequalities of the schedule, but should leave a degree of protection adequate to maintain the continued employment of machinery and labor already established in that great industry. With that message I transmitted a report of the Tariff Board, which furnished for the first time the information needed to frame a revision bill of this character, and recommended that legislation should be at once undertaken in the light of this information.

Despite the efforts which have been made to discredit the work of the Tariff Board, their report on this schedule has been accepted, with scarcely a dissenting voice, by all those familiar with the problems discussed, including active representatives of organizations formed in the interest of the public and the consumer. Importers and merchants, as well as producers and manufacturers, have testified to the accuracy and impartiality of these findings of fact. For the first time in the history of American tariffs the opportunity has been afforded of securing a revision based on established facts, independent both of the ex parte statements of interested persons and the guesswork of political theorists.

My position has been made perfectly plain. I shall stand by my pledges to maintain a degree of protection necessary to offset the difference in cost of production here and abroad, and will heartily approve of any bill reducing duties to this level. Bills have been introduced into Congress, carefully framed and based on the findings of the Tariff Board, which, while maintaining the principle of protection, have provided for sweeping reductions. Such a bill was presented by the minority members of the Ways and Means Committee, which, while providing protection to the woolgrower, reduces the duty on most wools 20 per cent, and the duties on manufactures by from 20 to more than 50 per cent, and gives in many instances less net protection to the manufacturer than was granted by the Gorman-Wilson free-wool act of 1894.

Instead of such a measure of thorough and genuine revision, based on full information of the facts, and with rates properly adjusted to all the different stages of the industry, there is now presented for my approval H. R. 22195, "An act to reduce the duties on wool and the manufactures of wool," a bill identical with the one which I vetoed in August, 1911, before the report of the Tariff Board had been made. The Tariff Board's report fully and completely justifies my veto of that date. The amount of ad valorem duty necessary to offset the difference in the cost of production of raw wool here and abroad varies with every grade of wool. Consequently, an ad valorem rate of duty adjusted to meet the difference in the cost of production of high-priced wools is not protective to low-priced wools. In any case, the report of the Tariff Board shows that the ad valorem duty of 29 per cent on

raw wool, imposed in the bill now submitted to me, is inadequate to meet this difference in cost in the case of four-fifths of our total wool clip. The disastrous effect upon the business of our farmers engaged in wool raising can not be more clearly stated. To maintain the status quo in the wool-growing industry, the minimum ad valorem rate necessary, even for high-grade wool in years of high prices, would be 35 per cent.

The rate provided in this bill on cloths of all kinds is 49 per cent. The amount of net protection given by this rate, in addition to proper compensation for the duty on wool, depends on the ratio between the cost of the raw material and the cost of making the cloth. The cost of the raw material in woolen and worsted fabrics varies in general from 50 per cent to 70 per cent of the total value of the fabric. Consequently, the net protective duty, with wool at 29 per cent, would vary from 28.7 per cent to 34.5 per cent. In the great majority of cases these rates are inadequate to equalize the difference in the cost of manufacture here and abroad. This is especially true of the finest goods involving a high proportion of labor cost. One of the striking developments of the last few years has been the growth in this country of a fine goods industry. The rates provided in this bill, inadequate as they are for most of the cloths produced in this country, would make the continuance here of the manufacture of fine goods an impossibility.

Even more dangerous in their effects are the rates proposed on tops and yarns. Tops are the result of the first stage in the making of raw wool into cloth. Yarn is the result of the second stage. Taken in connection with a rate of 29 per cent on wool, and 49 per cent on cloths, the rates of 32 per cent on tops and 35 per cent on yarn, fixed in this bill, seem impossible of justification. They would disrupt, and to no purpose, the existing adjustment, within the industry, of all its different branches. It is improbable in the highest degree that raw wool would be imported in great quantities when the cloth maker can import his tops at a duty of 32 per cent and yarns at a duty of 35 per cent. The report of the Tariff Board shows the difference in relative costs to be uniformly greater than the amount of protection on yarns given by this bill. In a year of low prices, the net protection granted by the proposed rates would not be more than half the difference in costs. The free wool act of 1894 gave a protective rate of 40 per cent on all yarns over 40 cents a pound in value, with free raw material. The present bill gives only 35 per cent on such yarns with a duty of 29 per cent on the raw material. The great increase in the imports of tops and yarns which would result from the rates in the bill now submitted to me, would destroy the effect of the protection to raw wool and at the same time would be at the cost of widespread

disaster to the wool-combing and spinning branches of the industry. The last 15 years has witnessed a great growth of top making and worsted spinning in this country, and the capacity of the plants is now equal to domestic requirements. Under the rates proposed such plants could be continued, if at all, only by writing off most of the investment as a net loss and by a reduction of wages. To sum up, then, most of the rates in the submitted bill are so low in themselves that if enacted into law the inevitable result would be the irretrievable injury to the wool-growing industry, the enforced idleness of much of our wool-combing and spinning machinery, and of thousands of looms, and the consequent throwing out of employment of thousands of workmen.

In view of these facts, in view of the platform upon which I was elected, in view of my promise to follow and maintain the protective policy, no course is open to me but to withhold my approval from this bill. I am very much disappointed that such a bill is a second time presented to me. I have inferred from the speeches made in both the House and the Senate that the members of the majority in both Houses are deeply impressed with the necessity of reducing the tariff under the present act on wool and woolens; that they do not propose to stand on the question of the amount of reduction or to insist that it must be enough necessarily to satisfy the principle of tariff for revenue only, but that they are willing to accept a substantial reduction in the present rates in order that the people might be relieved from the possibility of oppressive prices due to excessive rates. I strongly desire to reduce duties, provided only the protection system be maintained, and that industries now established be not destroyed. It now appears from the Tariff Board's report, and from bills which have been introduced into the House and the Senate, that a bill may be drawn so as to be within the requirements of protection and still offer a reduction of 20 per cent on most wool and of from 20 per cent to 50 per cent on cloths. I can not act upon the assumption that the controlling majority in either House will refuse to pass a bill of this kind, if in fact it accomplishes so substantial a reduction, merely because members of the opposing party and the Executive unite in its approval. I, therefore, urge upon Congress that it do not adjourn without taking advantage of the plain opportunity thus substantially to reduce unnecessary existing duties. I appeal to Congress to reconsider the measure, which I now return, without my approval, and to adopt a substitute therefor making substantial reductions below the rates of the present act, which the Tariff Board shows possible, without destroying any established industry or throwing any wage earners out of employment, and which I will promptly approve.

WM. H. TAFT.

VETO MESSAGE.

[Relating to the Iron and Steel Schedule.]

THE WHITE HOUSE, *August 14, 1912.*

To the House of Representatives:

I return, with my objections, H. R. 18642, a bill entitled "An act to amend an act entitled 'An act to provide revenue, equalize duties, and encourage the industries of the United States, and for other purposes,'" approved August 5, 1909.

This bill provides for a complete revision of Schedule C of the tariff law, relating to metals and manufactures of metals. In committee and in the consideration of the majority who passed the bill the important part of it seems to have been the basic manufactures of iron and steel, and most of the information which was obtained and discussed was in reference to that manufacture. The truth is that iron and steel as primary products are less than one-third in value of the subject matter covered by it; and that there may be no misunderstanding in regard to this, I present, as an appendix, a table prepared by the Census Bureau showing that included in Schedule C are 59 allied industries of sufficient importance to justify separate classification, study, and report by the Census Bureau, all of which are directly affected by the bill under consideration.

If only the primary products of iron and steel were affected by this bill, or if they constituted the larger part of the values involved in Schedule C, the consideration of the bill for purposes of approval or disapproval would be easier, but it is not within my power to separate these various industries. The bill is presented to me as a whole and must be approved or disapproved as a whole.

The table furnished shows that "foundry and machine shop products," which are secondary products of the iron and steel industry, are made by more than 13,000 competing establishments, with an invested capital of more than a billion and a half dollars, with more than half a million wage earners employed, and producing nearly a billion and a quarter dollars in value of products annually. Every dollar of this capital and every workman employed in the industry is directly affected by the bill, and I can not find, either in the report of the Committee on Ways and Means of the House or, to any extent, in the discussion of the schedule, that serious consideration has been given to the effect of this revision on this particular branch of the industry, and the same thing is true of more than two-thirds of the industries covered by the schedule.

It appears in the discussion of this revision now presented to me

for consideration that no public hearings have been given by the Ways and Means Committee of the House, on the ground that it would thereby cause delay. The Ways and Means Committee avowed that the principle of protection had not been considered, but that in framing the present revision of the metal schedule the committee had "adopted the general principle of reducing all duties to a revenue basis, so far as practicable, except in those cases where more cogent considerations than those relating to the fiscal policy of the Government dictated the transfer of given items to the free list." This makes a clear-cut issue between the protective policy and that of a tariff for revenue only, and without fuller information, therefore, I am obliged to treat this bill as a revenue bill, and one in which the consideration of preserving the industry by maintaining a tariff necessary to do so had little weight. There is nothing to show me that the duties provided in the bill will equal the difference in the cost of production here and abroad in the great line of industries, and that the wages of workmen will not be reduced by a measure which avowedly discards entirely the principle of fair protection. It should be noted that the labor employed in the secondary industries, which has had so little consideration in this bill, is in a large measure high-grade, skilled labor, commanding a high level of wages.

This schedule was included in the general tariff revision of 1909, at which time public hearings were given, attended by importers, domestic producers, employees, and consumers, and the rates then on many of its items were heavily cut, ranging from 10 to 75 per cent, and it would seem now that a thorough study of each one of these separate industries should at least be made, that the Executive and Congress as well might act wisely and intelligently upon them, in order to avoid a further revision at an early date when the facts concerning them could be ascertained.

The products of many of these industries affected by this bill do not enter directly into the daily consumption of the people. The consumers of these products are, to a large extent, manufacturers using these articles in further processes of production. There is no evidence of any widespread demand from such consumers for a revision of the rates on these articles, and for this reason a sufficient time may well be taken to give the study to the respective industries which their importance would seem to demand.

I am not prepared to say that there are no items in this schedule which might not well be reduced, but the general average ad valorem rate of duty under it, taken as a whole for the year 1911, is 32.03 per cent, as against 37.97 per cent in 1896 under the Wilson law, or an apparent reduction of 15.6 per cent of the Wilson duties. The Dingley rates for this schedule in 1909 were 38.09 per cent, showing

a reduction in 1911 for the present law of 15.9 per cent of the Dingley rates. Indeed, there is no year since 1883 when the Government statistics show as low an ad valorem rate of duty for this schedule as is shown in 1911, and it does not appear that schedule statistics were kept prior to 1883, so that no comparison can be made prior to that time.

There is little logical relation between the reductions made by this bill in the schedule. For example, steam engines and machine tools in the present law are dutiable at 30 per cent. In this revision steam engines are reduced to 15 per cent, and the whole machine-tool industry is put on the free list, without any reason whatever being given in the report of the Ways and Means Committee in either case for such action.

The term "machine tools" has already been the subject of much litigation, and its scope should be clearly defined before the great variety of articles which it now seems to cover are placed on the free list.

The expansion of our foreign trade would seem to demand that a transfer to the free list, like the one made in this bill, of such an enormous range of undetermined products and the opening of the best market in the world to free and unrestricted competition should not be made without at the same time at least securing, as is the case now of specified agricultural implements, the privilege of a like free entry into the markets of our competitors.

It is further difficult to understand by what process of reasoning it is possible to justify a transfer to the free list of a great line of finished articles, while nearly every one of the crude products from which they are made are retained on the dutiable list.

A bill for a complete revision of this schedule was presented to me a year ago in the extra session of this Congress. Many increases and decreases of rates are now made from those named in the former measure. The changes are not explained and indicate the hasty method pursued in the preparation of both. Is it not fair to ask, either on the basis of protection or revenue, which was right?

On the whole, therefore, I am not willing to approve of legislation of this kind, which vitally affects not only millions of workingmen and the families dependent on them, but hundreds of millions of dollars' worth of stocks of goods in the hands of storekeepers and distributors generally, without first providing for a careful and disinterested inquiry into the conditions of the whole industry.

From the outset of my administration I have urged a revision of the tariff based on a nonpartisan study of the facts. I have provided the means for securing such information in the appointment of a Tariff Board. Their thorough work, already completed on several schedules, has justified my confidence in this method. The principle

is indorsed by chambers of commerce and boards of trade in almost every city of importance in the country. The proposed bill has not been framed on the basis of any such study of the industry.

Avowedly its rates are fixed with no consideration of anything but revenue. The principle of protection is disregarded entirely, and therefore it is not too much to say that the effect of these sweeping changes on the welfare of those engaged in these varied industries has been disregarded.

WM. H. TAFT.

VETO MESSAGE.

[Relating to Legislative Appropriation Bill.]

THE WHITE HOUSE, *August 15, 1912.*

To the House of Representatives:

I return herewith, without my approval, H. R. 24023, entitled "An act making appropriations for the legislative, executive, and judicial expenses of the Government for the fiscal year ending June 30, 1913, and for other purposes." This is one of the great supply bills necessary for the maintenance of the Government, and it goes without saying that nothing but reasons of especial importance would lead me to interpose objections to its passage.

In a message returning the Army appropriation bill to the House of Representatives with my objections to its approval, under date of June 17, 1912, I ventured to point out the dangers inherent in the practice of attaching substantive legislation to appropriation bills, and I need not repeat them here. It is sufficient to say, however, that when it is thought wise by Congress to include in general supply bills important substantive legislation, and the Executive can not approve such legislation, it is his constitutional duty to return the bill with his objections, and the responsibility for delay in the appropriation of the necessary expenses to run the Government can not rest upon the Executive, but must be put where it belongs—upon the majority in each House of Congress that has departed from the ordinary course and united with an appropriation bill amendments to substantive law. The importance and absolute necessity of furnishing funds to maintain and operate the Government can not be used by the Congress to force upon the Executive acquiescence in permanent legislation which he can not conscientiously approve.

There are two provisions in this bill which I can not permit to become law with my approval. One concerns the permanent statutory regulation of the tenure of office of those now included within the

classified service in the departments and independent establishments of the Government within the District of Columbia. The other is a provision repealing the statute creating a Commerce Court, to consist of five circuit judges, for the purpose of passing on appeals from the decisions of the Interstate Commerce Commission.

First. By section 4 of this act the Civil Service Commission is directed, subject to the approval of the President, to establish a system of efficiency ratings for the classified service in the several executive departments in the District of Columbia, based upon records kept in each department and independent establishment with such frequency as to make them as nearly as possible records of fact. The system is to provide a minimum rating of efficiency which must be attained by an employee before he may be promoted; a rating below which no employee may fall without being demoted; and a rating below which no employee may fall without being dismissed for inefficiency. All promotions, demotions or dismissals are to be governed by provisions of the civil-service rules. Records of efficiency are to be furnished by the departments and independent establishments to the Civil Service Commission.

This section 4 is an admirable section, and, if properly carried out, will greatly improve the present civil service.

Section 5, however, introduces a new and radical feature into the present system. It provides that every appointment in the classified service after the 1st of September of next year shall be for a term of seven years after the probationary period of six months has expired, and that at the expiration of each such appointment the employment of each person so appointed shall cease and determine; and that the employment of all persons, appointed prior to September 1, 1912, in such classified service at annual rates of compensation shall cease and determine within one year after August 31, 1919, the date of termination during that year to be determined by the head of the appropriate department according to previous length of service. The cessation of employment and the ending of the term in these cases is absolute, without regard to efficiency rating under section 4, but section 5 contains the proviso that all persons separated by its terms from the classified service, if they are up to the standard of efficiency then in force and capable of rendering a full measure of service, may, in the discretion of the head of the executive department, be reappointed without examination for another term of seven years.

The effect of this section is to leave it to the discretion of the head of the department in the case of each classified employee at the end of his term of seven years to say whether that employee, no matter how high his standing, shall continue, or whether another shall be

selected from the eligible list submitted in accordance with law and regulation by the Civil Service Commission.

I believe this to be a genuine effort on the part of those who propose it to meet the difficulty presented in the present civil-service system by superannuation of the employees and the impossibility of eliminating those who through age and disease have ceased to be efficient. It is recognized that one method of meeting this difficulty is by a system of civil pensions which will retire persons from the civil service at a certain age, or upon confirmed disability. It has been found impossible to secure an enforcement of the present law which requires every person who is not efficient in the service of the Government to be discharged, because it imposes upon the heads of departments and bureaus the disagreeable and ungracious duty of throwing out of employment, without any means of livelihood, the men and women who have spent many years in the employment of the Government and in times past have rendered good service.

I disapprove of section 5 because I do not think it will accomplish its proposed purpose, and I do not think it adds anything in efficiency to the provisions of section 4. If section 4 is carried out, then the superannuated will have to go when their inefficiency is properly determined, and this whether section 5 is on the statute book or not; and if section 4 is not enforced, then section 5 adds little or nothing in the way of getting rid of superannuated and inefficient clerks.

If section 4 is loosely enforced, so that the rate of efficiency of the superannuated clerk is charitably maintained by his superior at or above the minimum standard, there will be the same pressure to retain the clerk at the end of his seven years as there was to maintain his minimum rate, and the same reluctance as in the present system to turn him out at an advanced age without means of a livelihood after long years of service.

I do not share in the objection to a civil-pension system. I am strongly in favor of it, provided it involves features of compulsory insurance of employees, secured by an application of part of the salary of each toward the maintenance of the necessary funds. Such a system has already been embodied in the Gillett bill, and I know of no reason why it should not be adopted.

As to the present measure, I object to it, first, because for the reasons stated it will prove ineffective, as the present system has, in the matter of superannuated clerks; and, second, because it impairs that feature of the civil service which I regard as a most valuable one, to wit: The permanence of tenure on the one hand, balanced by a wide and almost absolute power of removal in the department head on the other. If at the end of each seven years it becomes necessary for one

who has spent the best years of his life in the public service to ascertain whether he is to continue, it is certain that he will bring pressure to bear in every direction upon the appointing power to continue him in office. I am perfectly aware that the motive for not reappointing him will be much reduced by the fact that his successor must be appointed from the eligibles of the Civil Service Commission, but the play which this will give for prejudice and arbitrary action in the appointing power will constitute a serious injury to the present tenure of office.

Much has been said in the way of criticizing the present service as to the overpayment of the civil servants. It is true that in the departments there are many at salaries between $900 and $2,000 who are overpaid, but it is also true that there are many within those limits and nearly all who serve at salaries higher than $2,000 who are underpaid. The efficiency and wonderfully loyal service rendered by many of the employees of the Government who have concluded to devote their lives to the public service, to be content with only moderate salaries, because of the permanence of the tenure, can only be known to those who have had large experience in the character of the service rendered by the civil servants in the District of Columbia. I am not content to risk serious injury to the tone and efficacy of that service to accomplish something that in my judgment will not be accomplished by a change which will rob those who are in the service of a peace of mind that makes up in some degree for the sacrifices they have been obliged to undergo in devoting their lives at small pay to the Government. I am aware that there are maligners and others in the service who contribute but little to its efficiency. They would be disposed of by the proper enforcement of section 4.

But there is a large part of the civil-servant body which consists of hard-working, loyal, and efficient persons, who render to the Government more than they receive and who give character to the service. It is their permanence of tenure that led them to seek the service and keeps them in it. Of course it will be said that such clerks are likely to be retained. Probably; but the difference between mere probability of continuance and permanent tenure is the difference between worry and active solicitation of every influence in the seventh year and that contentment of mind that is alone consistent with undivided attention to public duty.

Second. The Commerce Court was created by the amendment to the interstate-commerce act passed June 18, 1910. Prior to that time, whenever an order of the Interstate Commerce Commission was made against a railroad company over which the Interstate Commerce Commission was given supervision, and it was contended that the order was contrary to law, or was a taking of the property of the company

without due process of law, or, in other words, was confiscatory, jurisdiction belonged to the circuit courts of the United States to enjoin the orders of the commission until their validity could be established. It had been the purpose of many to give to the Interstate Commerce Commission complete regulatory control over the railroads of the country in the matter of rates and in other features of their management, without allowing courts to interfere.

But it was clearly developed that any law was unconstitutional by which it was attempted to deprive the railroad companies of the right to go into court to test the validity of an order as confiscatory or violative of the statutory authority of the commission, and that if no provision at all were made for such judicial review, then the courts would possess it without special authority. So such jurisdiction in circuit courts of the United States was recognized in the act. The system involved hearings in circuit courts of 84 different districts in which the cause of action might arise. The litigation begun at Washington and carried through the Interstate Commerce Commission might then be transferred to some distant district. The district judge, or the circuit judge, or the circuit court of appeals took up the case, presenting a subject matter often entirely new, and found it difficult promptly to dispose of it in the multitude of other duties. This system imposed a delay in the necessary judicial consideration of interstate-commerce orders before they became effective that sometimes postponed their going into force for several years. In the interest, therefore, of the dispatch of business, in the interest of the public, and especially in the interest of the shippers who were seeking to prevent injustice by the railroads, it was thought wise to create a court of five circuit judges whose first duty should be to sit en banc as a Court of Commerce into which all complaints might be brought for prompt hearing and disposition.

The statistical record of the last two years shows that the average time in which this ordinary litigation, following the Interstate Commerce Commission's orders before the order of the commission shall become effective, has been reduced from more than two years to about six months. The litigation has not occupied all the time of the Commerce Court, and under special provisions of the act, the Chief Justice of the United States has assigned the circuit judges to judicial labors in the Federal courts all over the country, greatly to the advantage of litigants and to the dispatch of business in those courts. It should be said that under the provisions of the section abolishing the Commerce Court in this bill, jurisdiction to consider the validity of the orders of the Interstate Commerce Commission is given to a court of three judges in each of the nine circuits, one of the judges to be a circuit judge or a Supreme Justice. This requirement, good in many ways,

only makes the delays of such a countrywide jurisdiction more certain and is in no way comparable in the matter of dispatch of business to the Commerce Court system.

It appears from the decisions of the Supreme Court of the United States that the Commerce Court in several cases has amplified its jurisdiction beyond that which a proper construction of the statute justified. It also appears that in a number of cases the decisions were against the shippers and for the railroads when the Supreme Court decided that they ought to have been the other way. On the other hand, it appears that in a number of other cases the decisions of the Commerce Court were in favor of the shippers and in favor of giving relief to the shippers, against the railroad companies, but that the Supreme Court has since denied the existence of such jurisdiction under the statute. A series of decisions of the Supreme Court has satisfactorily established the limits of the jurisdiction of the new court, and there is no reason to believe that those limits thus established will in future be exceeded. There is every reason to believe that the dispatch of business already promoted by the court will continue. And now the question is, Why should the court be abolished? Because it has made some mistakes that the Supreme Court has rectified? Lower courts, especially when exercising new jurisdiction, are likely to make errors to be corrected by the Supreme Court. The presiding judge of the Commerce Court was the chairman of the Interstate Commerce Commission for a great many years. Three of the Commerce Court judges before their appointment to the Commerce Court had been United States district judges of long experience, and one had been a State judge of standing and experience. The personnel of the court is to change from year to year by the assignment of one of the Commerce Court judges to a circuit court of appeals, and the designation of another circuit judge to fill the vacancy thus made.

I have read the arguments upon which this proposed legislation is urged and I can not find in them a single reason why the court should be abolished except that those who propose to abolish it object to certain of its decisions. Some of those decisions have been sustained and others have been disapproved or modified by the Supreme Court. I am utterly opposed to the abolition of a court because its decisions may not always meet the approval of a majority of the Legislature. It is introducing a recall of the judiciary, which, in its way, is quite as objectionable as the ordinary popular method proposed. Next to impartial and just judgment the great desideratum in judicial reforms to-day is the promotion of the dispatch of business and the prompt decision of cases. The establishment of the Commerce Court has brought this about in a substantial way by reducing the average delay from two years to six months, and I doubt not that as time goes on

and the procedure becomes better understood this period of six months will be further reduced. It is greatly in the interest of the shippers and therefore of the public that this means of reducing the time of effective remedial litigation against railroads should be preserved.

WM. H. TAFT.

MEMORANDUM.

[To accompany the Panama Canal Act.]

THE WHITE HOUSE, *August 24, 1912.*

In signing the Panama Canal bill, I wish to leave this memorandum. The bill is admirably drawn for the purpose of securing the proper maintenance, operation, and control of the canal, and the government of the Canal Zone, and for the furnishing to all the patrons of the canal, through the Government, of the requisite docking facilities and the supply of coal and other shipping necessities. It is absolutely necessary to have the bill passed at this session in order that the capital of the world engaged in the preparation of ships to use the canal may know in advance the conditions under which the traffic is to be carried on through this waterway.

I wish to consider the objections to the bill in the order of their importance.

First. The bill is objected to because it is said to violate the Hay-Pauncefote Treaty in discriminating in favor of the coastwise trade of the United States by providing that no tolls shall be charged to vessels engaged in that trade passing through the canal. This is the subject of a protest by the British Government.

The British protest involves the right of the Congress of the United States to regulate its domestic and foreign commerce in such manner as to the Congress may seem wise, and specifically the protest challenges the right of the Congress to exempt American shipping from the payment of tolls for the use of the Panama Canal or to refund to such American ships the tolls which they may have paid, and this without regard to the trade in which such ships are employed, whether coastwise or foreign. The protest states "the proposal to exempt all American shipping from the payment of the tolls would, in the opinion of His Majesty's Government, involve an infraction of the treaty (Hay-Pauncefote), nor is there, in their opinion, any difference in principle between charging tolls only to refund them and remitting tolls altogether. The result is the same in either case and the adoption of the alternative method of refunding tolls in preference of remitting them, while perhaps complying with the letter of the treaty,

would still controvert its spirit." The provision of the Hay-Pauncefote Treaty involved is contained in article 3, which provides:

> The United States adopts, as the basis of the neutralization of such ship canal, the following rules, substantially as embodied in the convention of Constantinople, signed the 28th October, 1888, for the free navigation of the Suez Canal—that is to say:
>
> 1. The canal shall be free and open to the vessels of commerce and of war of all nations observing these rules, on terms of entire equality, so that there shall be no discrimination against any such nation, or its citizens or subjects, in respect of the conditions or charges of traffic, or otherwise. Such conditions and charges of traffic shall be just and equitable.

Then follows five other rules to be observed by other nations to make neutralization effective, the observance of which is the condition for the privilege of using the canal.

In view of the fact that the Panama Canal is being constructed by the United States wholly at its own cost, upon territory ceded to it by the Republic of Panama for that purpose, and that, unless it has restricted itself, the United States enjoys absolute rights of ownership and control, including the right to allow its own commerce the use of the canal upon such terms as it sees fit, the sole question is, Has the United States, in the language above quoted from the Hay-Pauncefote Treaty, deprived itself of the exercise of the right to pass its own commerce free or to remit tolls collected for the use of the Canal?

It will be observed that the rules specified in article 3 of the treaty were adopted by the United States for a specific purpose, namely, as the basis of the neutralization of the canal, and for no other purpose. The article is a declaration of policy by the United States that the canal shall be neutral; that the attitude of this Government toward the commerce of the world is that all nations will be treated alike and no discrimination made by the United States against any one of them observing the rules adopted by the United States. The right to the use of the canal and to equality of treatment in the use depends upon the observance of the conditions of the use by the nations to whom we extended that privilege. The privileges of all nations to whom we extended the use upon the observance of these conditions were to be equal to that extended to any one of them which observed the conditions. In other words, it was a conditional favored-nation treatment, the measure of which, in the absence of express stipulation to that effect, is not what the country gives to its own nationals, but the treatment it extends to other nations.

Thus it is seen that the rules are but a basis of neutralization, intended to effect the neutrality which the United States was willing

should be the character of the canal and not intended to limit or hamper the United States in the exercise of its sovereign power to deal with its own commerce, using its own canal in whatsoever manner it saw fit.

If there is no "difference in principle between the United States charging tolls to its own shipping only to refund them and remitting tolls altogether," as the British protest declares, then the irresistible conclusion is that the United States, although it owns, controls, and has paid for the canal, is restricted by treaty from aiding its own commerce in the way that all the other nations of the world may freely do. It would scarcely be claimed that the setting out in a treaty between the United States and Great Britain of certain rules adopted by the United States as the basis of the neutralization of the canal would bind any Government to do or refrain from doing anything other than the things required by the rules to insure the privilege of use and freedom from discrimination. Since the rules do not provide as a condition for the privilege of use upon equal terms with other nations that other nations desiring to build up a particular trade involving the use of the canal shall not either directly agree to pay the tolls or to refund to its ships the tolls collected for the use of the canal, it is evident that the treaty does not affect that inherent, sovereign right, unless, which is not likely, it be claimed that the promulgation by the United States of these rules insuring all nations against its discrimination, would authorize the United States to pass upon the action of other nations and require that no one of them should grant to its shipping larger subsidies or more liberal inducement for the use of the canal than were granted by others; in other words, that the United States has the power to equalize the practice of other nations in this regard.

If it is correct, then, to assume that there is nothing in the Hay-Pauncefote Treaty preventing Great Britain and the other nations from extending such favors as they may see fit to their shipping using the canal, and doing it in the way they see fit, and if it is also right to assume that there is nothing in the treaty that gives the United States any supervision over, or right to complain of, such action, then the British protest leads to the absurd conclusion that this Government in constructing the canal, maintaining the canal, and defending the canal, finds itself shorn of its right to deal with its own commerce in its own way, while all other nations using the canal in competition with American commerce enjoy that right and power unimpaired.

The British protest, therefore, is a proposal to read into the treaty a surrender by the United States of its right to regulate its own commerce in its own way and by its own methods—a right which

neither Great Britain herself, nor any other nation that may use the canal, has surrendered or proposes to surrender. The surrender of this right is not claimed to be in terms. It is only to be inferred from the fact that the United States has conditionally granted to all the nations the use of the canal without discrimination by the United States between the grantees; but as the treaty leaves all nations desiring to use the canal with full right to deal with their own vessels as they see fit, the United States would only be discriminating against itself if it were to recognize the soundness of the British contention.

The bill here in question does not positively do more than to discriminate in favor of the coastwise trade, and the British protest seems to recognize a distinction between such exemption and the exemption of American vessels engaged in foreign trade. In effect, of course, there is a substantial and practical difference. The American vessels in foreign trade come into competition with vessels of other nations in that same trade, while foreign vessels are forbidden to engage in the American coastwise trade. While the bill here in question seems to vest the President with discretion to discriminate in fixing tolls in favor of American ships and against foreign ships engaged in foreign trade, within the limitation of the range from 50 cents a ton to $1.25 a net ton, there is nothing in the act to compel the President to make such a discrimination. It is not, therefore, necessary to discuss the policy of such discrimination until the question may arise in the exercise of the President's discretion.

The policy of exempting the coastwise trade from all tolls really involves the question of granting a Government subsidy for the purpose of encouraging that trade in competition with the trade of the transcontinental railroads. I approve this policy. It is in accord with the historical course of the Government in giving Government aid to the construction of the transcontinental roads. It is now merely giving Government aid to a means of transportation that competes with those transcontinental roads.

Second. The bill permits the registry of foreign-built vessels as vessels of the United States for foreign trade, and it also permits the admission without duty of materials for the construction and repair of vessels in the United States. This is objected to on the ground that it will interfere with the shipbuilding interests of the United States. I can not concur in this view. The number of vessels of the United States engaged in foreign trade is so small that the work done by the present shipyards is almost wholly that of constructing vessels for the coastwise trade or Government vessels. In other words, there is substantially no business for building ships in the foreign trade in the shipyards of the United States which will be injured by this new provision. It is hoped that this registry of

foreign-built ships in American foreign trades will prove to be a method of increasing our foreign shipping. The experiment will hurt no interest of ours, and we can observe its operation. If it proves to extend our commercial flag to the high seas, it will supply a long-felt want.

Third. Section 5 of the interstate commerce act is amended by forbidding railroad companies to own, lease, operate, control, or have any interest in any common carrier by water operated through the Panama Canal with which such railroad or other carrier does or may compete for traffic. I have twice recommended such restriction as to the Panama Canal. It was urged upon me that the Interstate Commerce Commission might control the trade so as to prevent an abuse from the joint ownership of railroads and of Panama steamships competing with each other, and therefore that this radical provision was not necessary. Conference with the Interstate Commerce Commission, however, satisfied me that such control would not be as effective as this restriction. The difficulty is that the interest of the railroad company is so much larger in its railroad and in the maintenance of its railroad rates than in making a profit out of the steamship line that it can afford temporarily to run its vessels for nearly nothing in order to drive out the business independent steamship lines, and thus obtain complete control of the shipping in the trade through the canal and regulate the rates according to the interest of the railroad company. Jurisdiction is conferred on the Interstate Commerce Commission finally to determine the question of fact as to the competition or possibility of competition of the water carrier with the railroad, and this may be done in advance of any investment of capital.

Fourth. The effect of the amendment of section 5 of the interstate-commerce act also is extended so as to make it unlawful for railroad companies owning or controlling lines of steamships in any other part of the jurisdiction of the United States to continue to do so, and as to such railroad companies and such water carriers the Interstate Commerce Commission is given the duty and power not only finally to determine the question of competition or possibility of competition, but also to determine "that the specified service by water is being operated in the interest of the public and is of advantage to the convenience and commerce of the people, and that such extension will neither exclude, prevent, nor reduce competition on the route by water under consideration"; and, if it finds this to be the case, to extend the time during which such service by water may continue beyond the date fixed in the act for its first operation—to wit, July 1, 1914. Whenever the time is extended, then the water carrier, its rates and schedules, and practices are brought within the control of the

Interstate Commerce Commission. How far it is within the power of Congress to delegate to the Interstate Commerce Commission such wide discretion it is unnecessary now to discuss. There is ample time between now and the time of this provision of the act's going into effect to have the matter examined by the Supreme Court, or to change the form of the legislation, should it be deemed necessary. Certainly the suggested invalidity of this section, if true, would not invalidate the entire act, the remainder of which may well stand without regard to this provision.

Fifth. The final objection is to a provision which prevents the owner of any steamship who is guilty of violating the antitrust law from using the canal. It is quite evident that this section applies only to those vessels engaged in the trade in which there is a monopoly contrary to our Federal statute, and it is a mere injunctive process against the continuance of such monopolistic trade. It adds the penalty of denying the use of the canal to a person or corporation violating the antitrust law. It may have some practical operation where the business monopolized is transportation by ships, but it does not become operative to prevent the use of the canal until the decree of the court shall have established the fact of the guilt of the owner of the vessel. While the penalties of the antitrust law seem to me to be quite sufficient already, I do not know that this new remedy against a particular kind of a trust may not sometimes prove useful.

In a message sent to Congress after this bill had passed both Houses I ventured to suggest a possible amendment by which all persons, and especially all British subjects who felt aggrieved by the provisions of the bill on the ground that they are in violation of the Hay-Pauncefote Treaty, might try that question out in the Supreme Court of the United States. I think this would have satisfied those who oppose the view which Congress evidently entertains of the treaty and might avoid the necessity for either diplomatic negotiation or further decision by an arbitral tribunal. Congress, however, has not thought it wise to accept the suggestion, and therefore I must proceed in the view which I have expressed, and am convinced is the correct one, as to the proper construction of the treaty and the limitations which it imposes upon the United States. I do not find that the bill here in question violates those limitations.

On the whole, I believe the bill to be one of the most beneficial that has passed this or any other Congress, and I find no reason in the objections made to the bill which should lead me to delay, until another session of Congress, provisions that are imperatively needed now in order that due preparation by the world may be made for the opening of the canal.

WM. H. TAFT.

By the President of the United States of America.

A PROCLAMATION.

The White House, *October 31, 1912.*

To the People of the United States:

James Schoolcraft Sherman, Vice-President of the United States, died at his home in Utica, N. Y., at eighteen minutes to ten o'clock on the evening of October 30, 1912. In his death the nation has lost one of its most illustrious citizens and one of its most efficient and faithful servants.

Elected at an early age to the Mayorship of his native city, the continued confidence of his community was shown by his election for ten terms as a Representative in the National Congress. As a legislator he at once took and retained high rank and displayed such attributes of upright and wide statesmanship as to commend him to the people of the United States for the second highest office within their gift.

As presiding officer of the Senate he won the respect and esteem of all for his fairness and impartiality. His private life was noble and good. His genial disposition and attractiveness of character endeared him to all whose privilege it was to know him. His devotion to the best interests of his native land will endear his memory to his fellow countrymen.

In respect to his memory and the eminent and various services of this high official and patriotic servant, I direct that on the day of the funeral, the executive offices of the United States shall be closed and all posts and stations of the army and navy shall display the national flag at half-mast and that the Representatives of the United States in foreign countries shall pay appropriate tribute to the illustrious dead for a period of forty days.

In witness whereof I have hereunto set my hand and caused the seal of the United States to be affixed.

[Seal.] WM. H. TAFT.

By the President of the United States of America.

A PROCLAMATION.

To the People of the United States:

A God-fearing nation, like ours, owes it to its inborn and sincere sense of moral duty to testify its devout gratitude to the All-Giver for the countless benefits it has enjoyed. For many years it has been cus-

tomary at the close of the year for the national Executive to call upon his fellow countrymen to offer praise and thanks to God for the manifold blessings vouchsafed to them in the past and to unite in earnest suppliance for their continuance.

The year now drawing to a close has been notably favorable to our fortunate land. At peace within and without, free from the perturbations and calamities that have afflicted other peoples, rich in harvests so abundant and in industries so productive that the overflow of our prosperity has advantaged the whole world, strong in the steadfast conservation of the heritage of self-government bequeathed to us by the wisdom of our fathers, and firm in the resolve to transmit that heritage unimpaired, but rather improved by good use, to our children and our children's children for all time to come, the people of this country have abounding cause for contented gratitude.

Wherefore I, William Howard Taft, President of the United States of America, in pursuance of long-established usage and in response to the wish of the American people, invite my countrymen, wheresoever they may sojourn, to join on Thursday, the 28th day of this month of November, in appropriate ascription of praise and thanks to God for the good gifts that have been our portion, and in humble prayer that His great mercies toward us may endure.

In witness whereof I have hereunto set my hand and caused the seal of the United States to be affixed.

Done at the city of Washington this seventh day of November, in the year of our Lord one thousand nine hundred and twelve, and of the independence of the United States of America the one hundred and thirty-seventh.

[SEAL.]

WILLIAM H. TAFT.

By the President:

ALVEY A. ADEE,

Acting Secretary of State.

BY THE PRESIDENT OF THE UNITED STATES OF AMERICA.

A PROCLAMATION.

To the People of the United States:

I, WILLIAM HOWARD TAFT, President of the United States of America, by virtue of the power and authority vested in me by the Act of Congress, approved August twenty-fourth, nineteen hundred and twelve, to provide for the opening, maintenance, protection and opera-

tion of the Panama Canal and the sanitation and government of the Canal Zone, do hereby prescribe and proclaim the following rates of toll to be paid by vessels using the Panama Canal:

1. On merchant vessels carrying passengers or cargo one dollar and twenty cents ($1.20) per net vessel ton—each one hundred (100) cubic feet—of actual earning capacity.

2. On vessels in ballast without passengers or cargo forty (40) per cent less than the rate of tolls for vessels with passengers or cargo.

3. Upon naval vessels, other than transports, colliers, hospital ships and supply ships, fifty (50) cents per displacement ton.

4. Upon army and navy transports, colliers, hospital ships and supply ships one dollar and twenty cents ($1.20) per net ton, the vessels to be measured by the same rules as are employed in determining the net tonnage of merchant vessels.

The Secretary of War will prepare and prescribe such rules for the measurement of vessels and such regulations as may be necessary and proper to carry this proclamation into full force and effect.

In witness whereof I have hereunto set my hand and caused the seal of the United States to be affixed.

Done at the city of Washington this thirteenth day of November, in the year of our Lord one thousand nine hundred and twelve and of the independence of the United States the one hundred and thirty-seventh.

[SEAL]

WILLIAM H. TAFT.

By the President:

P. C. KNOX,

Secretary of State.

ANNUAL MESSAGE—Part I.

[On Our Foreign Relations.]

THE WHITE HOUSE, *December 3, 1912.*

To the Senate and House of Representatives:

The foreign relations of the United States actually and potentially affect the state of the Union to a degree not widely realized and hardly surpassed by any other factor in the welfare of the whole Nation. The position of the United States in the moral, intellectual, and material relations of the family of nations should be a matter of vital interest to every patriotic citizen. The national prosperity and power impose upon us duties which we can not shirk if we are to be true to our ideals. The tremendous growth of the export

trade of the United States has already made that trade a very real factor in the industrial and commercial prosperity of the country. With the development of our industries the foreign commerce of the United States must rapidly become a still more essential factor in its economic welfare. Whether we have a farseeing and wise diplomacy and are not recklessly plunged into unnecessary wars, and whether our foreign policies are based upon an intelligent grasp of present-day world conditions and a clear view of the potentialities of the future, or are governed by a temporary and timid expediency or by narrow views befitting an infant nation, are questions in the alternative consideration of which must convince any thoughtful citizen that no department of national polity offers greater opportunity for promoting the interests of the whole people on the one hand, or greater chance on the other of permanent national injury, than that which deals with the foreign relations of the United States.

The fundamental foreign policies of the United States should be raised high above the conflict of partisanship and wholly dissociated from differences as to domestic policy. In its foreign affairs the United States should present to the world a united front. The intellectual, financial, and industrial interests of the country and the publicist, the wage earner, the farmer, and citizen of whatever occupation must cooperate in a spirit of high patriotism to promote that national solidarity which is indispensable to national efficiency and to the attainment of national ideals.

The relations of the United States with all foreign powers remain upon a sound basis of peace, harmony, and friendship. A greater insistence upon justice to American citizens or interests wherever it may have been denied and a stronger emphasis of the need of mutuality in commercial and other relations have only served to strengthen our friendships with foreign countries by placing those friendships upon a firm foundation of realities as well as aspirations.

Before briefly reviewing the more important events of the last year in our foreign relations, which it is my duty to do as charged with their conduct and because diplomatic affairs are not of a nature to make it appropriate that the Secretary of State make a formal annual report, I desire to touch upon some of the essentials to the safe management of the foreign relations of the United States and to endeavor, also, to define clearly certain concrete policies which are the logical modern corollaries of the undisputed and traditional fundamentals of the foreign policy of the United States.

REORGANIZATION OF THE STATE DEPARTMENT

At the beginning of the present administration the United States, having fully entered upon its position as a world power, with the

responsibilities thrust upon it by the results of the Spanish-American War, and already engaged in laying the groundwork of a vast foreign trade upon which it should one day become more and more dependent, found itself without the machinery for giving thorough attention to, and taking effective action upon, a mass of intricate business vital to American interests in every country in the world.

The Department of State was an archaic and inadequate machine lacking most of the attributes of the foreign office of any great modern power. With an appropriation made upon my recommendation by the Congress on August 5, 1909, the Department of State was completely reorganized. There were created Divisions of Latin-American Affairs and of Far Eastern, Near Eastern, and Western European Affairs. To these divisions were called from the foreign service diplomatic and consular officers possessing experience and knowledge gained by actual service in different parts of the world and thus familiar with political and commercial conditions in the regions concerned. The work was highly specialized. The result is that where previously this Government from time to time would emphasize in its foreign relations one or another policy, now American interests in every quarter of the globe are being cultivated with equal assiduity. This principle of politico-geographical division possesses also the good feature of making possible rotation between the officers of the departmental, the diplomatic, and the consular branches of the foreign service, and thus keeps the whole diplomatic and consular establishments under the Department of State in close touch and equally inspired with the aims and policy of the Government. Through the newly created Division of Information the foreign service is kept fully informed of what transpires from day to day in the international relations of the country, and contemporary foreign comment affecting American interests is promptly brought to the attention of the department. The law offices of the department were greatly strengthened. There were added foreign-trade advisers to cooperate with the diplomatic and consular bureaus and the politico-geographical divisions in the innumerable matters where commercial diplomacy or consular work calls for such special knowledge. The same officers, together with the rest of the new organization, are able at all times to give to American citizens accurate information as to conditions in foreign countries with which they have business and likewise to cooperate more effectively with the Congress and also with the other executive departments.

MERIT SYSTEM IN CONSULAR AND DIPLOMATIC CORPS

Expert knowledge and professional training must evidently be the essence of this reorganization. Without a trained foreign service

there would not be men available for the work in the reorganized Department of State. President Cleveland had taken the first step toward introducing the merit system in the foreign service. That had been followed by the application of the merit principle, with excellent results, to the entire consular branch. Almost nothing, however, had been done in this direction with regard to the Diplomatic Service. In this age of commercial diplomacy it was evidently of the first importance to train an adequate personnel in that branch of the service. Therefore, on November 26, 1909, by an Executive order I placed the Diplomatic Service up to the grade of secretary of embassy, inclusive, upon exactly the same strict nonpartisan basis of the merit system, rigid examination for appointment and promotion only for efficiency, as had been maintained without exception in the Consular Service.

STATISTICS AS TO MERIT AND NONPARTISAN CHARACTER OF APPOINTMENTS

How faithful to the merit system and how nonpartisan has been the conduct of the Diplomatic and Consular Services in the last four years may be judged from the following: Three ambassadors now serving held their present rank at the beginning of my administration. Of the ten ambassadors whom I have appointed, five were by promotion from the rank of minister. Nine ministers now serving held their present rank at the beginning of my administration. Of the thirty ministers whom I have appointed, eleven were promoted from the lower grades of the foreign service or from the Department of State. Of the nineteen missions in Latin America, where our relations are close and our interest is great, fifteen chiefs of mission are service men, three having entered the service during this administration. Thirty-seven secretaries of embassy or legation who have received their initial appointments after passing successfully the required examination were chosen for ascertained fitness, without regard to political affiliations. A dearth of candidates from Southern and Western States has alone made it impossible thus far completely to equalize all the States' representations in the foreign service. In the effort to equalize the representation of the various States in the Consular Service I have made sixteen of the twenty-nine new appointments as consul which have occurred during my administration from the Southern States. This is 55 per cent. Every other consular appointment made, including the promotion of eleven young men from the consular assistant and student interpreter corps, has been by promotion or transfer, based solely upon efficiency shown in the service.

In order to assure to the business and other interests of the

United States a continuance of the resulting benefits of this reform, I earnestly renew my previous recommendations of legislation making it permanent along some such lines as those of the measure now pending in Congress.

LARGER PROVISION FOR EMBASSIES AND LEGATIONS AND FOR OTHER EXPENSES OF OUR FOREIGN REPRESENTATIVES RECOMMENDED

In connection with legislation for the amelioration of the foreign service, I wish to invite attention to the advisability of placing the salary appropriations upon a better basis. I believe that the best results would be obtained by a moderate scale of salaries, with adequate funds for the expense of proper representation, based in each case upon the scale and cost of living at each post, controlled by a system of accounting, and under the general direction of the Department of State.

In line with the object which I have sought of placing our foreign service on a basis of permanency, I have at various times advocated provision by Congress for the acquisition of Government-owned buildings for the residence and offices of our diplomatic officers, so as to place them more nearly on an equality with similar officers of other nations and to do away with the discrimination which otherwise must necessarily be made, in some cases, in favor of men having large private fortunes. The act of Congress which I approved on February 17, 1911, was a right step in this direction. The Secretary of State has already made the limited recommendations permitted by the act for any one year, and it is my hope that the bill introduced in the House of Representatives to carry out these recommendations will be favorably acted on by the Congress during its present session.

In some Latin-American countries the expense of government-owned legations will be less than elsewhere, and it is certainly very urgent that in such countries as some of the Republics of Central America and the Caribbean, where it is peculiarly difficult to rent suitable quarters, the representatives of the United States should be justly and adequately provided with dignified and suitable official residences. Indeed, it is high time that the dignity and power of this great Nation should be fittingly signalized by proper buildings for the occupancy of the Nation's representatives everywhere abroad.

DIPLOMACY A HAND MAID OF COMMERCIAL INTERCOURSE AND PEACE

The diplomacy of the present administration has sought to respond to modern ideas of commercial intercourse. This policy has been characterized as substituting dollars for bullets. It is one that appeals alike to idealistic humanitarian sentiments, to the dictates

of sound policy and strategy, and to legitimate commercial aims. It is an effort frankly directed to the increase of American trade upon the axiomatic principle that the Government of the United States shall extend all proper support to every legitimate and beneficial American enterprise abroad. How great have been the results of this diplomacy, coupled with the maximum and minimum provision of the tariff law, will be seen by some consideration of the wonderful increase in the export trade of the United States. Because modern diplomacy is commercial, there has been a disposition in some quarters to attribute to it none but materialistic aims. How strikingly erroneous is such an impression may be seen from a study of the results by which the diplomacy of the United States can be judged.

SUCCESSFUL EFFORTS IN PROMOTION OF PEACE

In the field of work toward the ideals of peace this Government negotiated, but to my regret was unable to consummate, two arbitration treaties which set the highest mark of the aspiration of nations toward the substitution of arbitration and reason for war in the settlement of international disputes. Through the efforts of American diplomacy several wars have been prevented or ended. I refer to the successful tripartite mediation of the Argentine Republic, Brazil, and the United States between Peru and Ecuador; the bringing of the boundary dispute between Panama and Costa Rica to peaceful arbitration; the staying of warlike preparations when Haiti and the Dominican Republic were on the verge of hostilities; the stopping of a war in Nicaragua; the halting of internecine strife in Honduras. The Government of the United States was thanked for its influence toward the restoration of amicable relations between the Argentine Republic and Bolivia. The diplomacy of the United States is active in seeking to assuage the remaining ill-feeling between this country and the Republic of Colombia. In the recent civil war in China the United States successfully joined with the other interested powers in urging an early cessation of hostilities. An agreement has been reached between the Governments of Chile and Peru whereby the celebrated Tacna-Arica dispute, which has so long embittered international relations on the west coast of South America, has at last been adjusted. Simultaneously came the news that the boundary dispute between Peru and Ecuador had entered upon a stage of amicable settlement. The position of the United States in reference to the Tacna-Arica dispute between Chile and Peru has been one of nonintervention, but one of friendly influence and pacific counsel throughout the period during which the dispute in question has been the subject of interchange of views between this Government

and the two Governments immediately concerned. In the general easing of international tension on the west coast of South America the tripartite mediation, to which I have referred, has been a most potent and beneficent factor.

CHINA

In China the policy of encouraging financial investment to enable that country to help itself has had the result of giving new life and practical application to the open-door policy. The consistent purpose of the present administration has been to encourage the use of American capital in the development of China by the promotion of those essential reforms to which China is pledged by treaties with the United States and other powers. The hypothecation to foreign bankers in connection with certain industrial enterprises, such as the Hukuang railways, of the national revenues upon which these reforms depended, led the Department of State early in the administration to demand for American citizens participation in such enterprises, in order that the United States might have equal rights and an equal voice in all questions pertaining to the disposition of the public revenues concerned. The same policy of promoting international accord among the powers having similar treaty rights as ourselves in the matters of reform, which could not be put into practical effect without the common consent of all, was likewise adopted in the case of the loan desired by China for the reform of its currency. The principle of international cooperation in matters of common interest upon which our policy had already been based in all of the above instances has admittedly been a great factor in that concert of the powers which has been so happily conspicuous during the perilous period of transition through which the great Chinese nation has been passing.

CENTRAL AMERICA NEEDS OUR HELP IN DEBT ADJUSTMENT

In Central America the aim has been to help such countries as Nicaragua and Honduras to help themselves. They are the immediate beneficiaries. The national benefit to the United States is twofold. First, it is obvious that the Monroe doctrine is more vital in the neighborhood of the Panama Canal and the zone of the Caribbean than anywhere else. There, too, the maintenance of that doctrine falls most heavily upon the United States. It is therefore essential that the countries within that sphere shall be removed from the jeopardy involved by heavy foreign debt and chaotic national finances and from the ever-present danger of international complications due to disorder at home. Hence the United States has been glad to encourage and support American bankers who were willing to lend a helping hand to the financial rehabilitation of such countries

because this financial rehabilitation and the protection of their customhouses from being the prey of would-be dictators would remove at one stroke the menace of foreign creditors and the menace of revolutionary disorder.

The second advantage of the United States is one affecting chiefly all the southern and Gulf ports and the business and industry of the South. The Republics of Central America and the Caribbean possess great natural wealth. They need only a measure of stability and the means of financial regeneration to enter upon an era of peace and prosperity, bringing profit and happiness to themselves and at the same time creating conditions sure to lead to a flourishing interchange of trade with this country.

I wish to call your especial attention to the recent occurrences in Nicaragua, for I believe the terrible events recorded there during the revolution of the past summer—the useless loss of life, the devastation of property, the bombardment of defenseless cities, the killing and wounding of women and children, the torturing of noncombatants to exact contributions, and the suffering of thousands of human beings—might have been averted had the Department of State, through approval of the loan convention by the Senate, been permitted to carry out its now well-developed policy of encouraging the extending of financial aid to weak Central American States with the primary objects of avoiding just such revolutions by assisting those Republics to rehabilitate their finances, to establish their currency on a stable basis, to remove the customhouses from the danger of revolutions by arranging for their secure administration, and to establish reliable banks.

During this last revolution in Nicaragua, the Government of that Republic having admitted its inability to protect American life and property against acts of sheer lawlessness on the part of the malcontents, and having requested this Government to assume that office, it became necessary to land over 2,000 marines and bluejackets in Nicaragua. Owing to their presence the constituted Government of Nicaragua was free to devote its attention wholly to its internal troubles, and was thus enabled to stamp out the rebellion in a short space of time. When the Red Cross supplies sent to Granada had been exhausted, 8,000 persons having been given food in one day upon the arrival of the American forces, our men supplied other unfortunate, needy Nicaraguans from their own haversacks. I wish to congratulate the officers and men of the United States navy and Marine Corps who took part in reestablishing order in Nicaragua upon their splendid conduct, and to record with sorrow the death of seven American marines and bluejackets. Since the reestablishment of peace and order, elections have been held amid

conditions of quiet and tranquility. Nearly all the American marines have now been withdrawn. The country should soon be on the road to recovery. The only apparent danger now threatening Nicaragua arises from the shortage of funds. Although American bankers have already rendered assistance, they may naturally be loath to advance a loan adequate to set the country upon its feet without the support of some such convention as that of June, 1911, upon which the Senate has not yet acted.

ENFORCEMENT OF NEUTRALITY LAWS

In the general effort to contribute to the enjoyment of peace by those Republics which are near neighbors of the United States, the administration has enforced the so-called neutrality statutes with a new vigor, and those statutes were greatly strengthened in restricting the exportation of arms and munitions by the joint resolution of last March. It is still a regrettable fact that certain American ports are made the rendezvous of professional revolutionists and others engaged in intrigue against the peace of those Republics. It must be admitted that occasionally a revolution in this region is justified as a real popular movement to throw off the shackles of a vicious and tyrannical government. Such was the Nicaraguan revolution against the Zelaya régime. A nation enjoying our liberal institutions can not escape sympathy with a true popular movement, and one so well justified. In very many cases, however, revolutions in the Republics in question have no basis in principle, but are due merely to the machinations of conscienceless and ambitious men, and have no effect but to bring new suffering and fresh burdens to an already oppressed people. The question whether the use of American ports as *foci* of revolutionary intrigue can be best dealt with by a further amendment to the neutrality statutes or whether it would be safer to deal with special cases by special laws is one worthy of the careful consideration of the Congress.

VISIT OF SECRETARY KNOX TO CENTRAL AMERICA AND THE CARIBBEAN

Impressed with the particular importance of the relations between the United States and the Republics of Central America and the Caribbean region, which of necessity must become still more intimate by reason of the mutual advantages which will be presented by the opening of the Panama Canal, I directed the Secretary of State last February to visit these Republics for the purpose of giving evidence of the sincere friendship and good will which the Government and people of the United States bear toward them. Ten Republics were visited. Everywhere he was received with a cordiality of welcome and a generosity of hospitality such as to impress me deeply and to merit our warmest thanks. The appreciation of the Governments

and people of the countries visited, which has been appropriately shown in various ways, leaves me no doubt that his visit will conduce to that closer union and better understanding between the United States and those Republics which I have had it much at heart to promote.

OUR MEXICAN POLICY

For two years revolution and counter-revolution has distraught the neighboring Republic of Mexico. Brigandage has involved a great deal of depredation upon foreign interests. There have constantly recurred questions of extreme delicacy. On several occasions very difficult situations have arisen on our frontier. Throughout this trying period, the policy of the United States has been one of patient nonintervention, steadfast recognition of constituted authority in the neighboring nation, and the exertion of every effort to care for American interests. I profoundly hope that the Mexican nation may soon resume the path of order, prosperity, and progress. To that nation in its sore troubles, the sympathetic friendship of the United States has been demonstrated to a high degree. There were in Mexico at the beginning of the revolution some thirty or forty thousand American citizens engaged in enterprises contributing greatly to the prosperity of that Republic and also benefiting the important trade between the two countries. The investment of American capital in Mexico has been estimated at $1,000,000,000. The responsibility of endeavoring to safeguard those interests and the dangers inseparable from propinquity to so turbulent a situation have been great, but I am happy to have been able to adhere to the policy above outlined—a policy which I hope may be soon justified by the complete success of the Mexican people in regaining the blessings of peace and good order.

AGRICULTURAL CREDITS

A most important work, accomplished in the past year by the American diplomatic officers in Europe, is the investigation of the agricultural credit system in the European countries. Both as a means to afford relief to the consumers of this country through a more thorough development of agricultural resources and as a means of more sufficiently maintaining the agricultural population, the project to establish credit facilities for the farmers is a concern of vital importance to this Nation. No evidence of prosperity among well-established farmers should blind us to the fact that lack of capital is preventing a development of the Nation's agricultural resources and an adequate increase of the land under cultivation; that agricultural production is fast falling behind the increase in population; and that, in fact, although these well-established farmers are maintained in increasing prosperity because of

the natural increase in population, we are not developing the industry of agriculture. We are not breeding in proportionate numbers a race of independent and independence-loving landowners, for a lack of which no growth of cities can compensate. Our farmers have been our mainstay in times of crisis, and in future it must still largely be upon their stability and common sense that this democracy must rely to conserve its principles of self-government.

The need of capital which American farmers feel to-day had been experienced by the farmers of Europe, with their centuries-old farms, many years ago. The problem had been successfully solved in the Old World and it was evident that the farmers of this country might profit by a study of their systems. I therefore ordered, through the Department of State, an investigation to be made by the diplomatic officers in Europe, and I have laid the results of this investigation before the governors of the various States with the hope that they will be used to advantage in their forthcoming meeting.

INCREASE OF FOREIGN TRADE

In my last annual message I said that the fiscal year ended June 30, 1911, was noteworthy as marking the highest record of exports of American products to foreign countries. The fiscal year 1912 shows that this rate of advance has been maintained, the total domestic exports having a valuation approximately of $2,200,000,000, as compared with a fraction over $2,000,000,000 the previous year. It is also significant that manufactured and partly manufactured articles continue to be the chief commodities forming the volume of our augmented exports, the demands of our own people for consumption requiring that an increasing proportion of our abundant agricultural products be kept at home. In the fiscal year 1911 the exports of articles in the various stages of manufacture, not including foodstuffs partly or wholly manufactured, amounted approximately to $907,500,000. In the fiscal year 1912 the total was nearly $1,022,000,000, a gain of $114,000,000.

ADVANTAGE OF MAXIMUM AND MINIMUM TARIFF PROVISION

The importance which our manufactures have assumed in the commerce of the world in competition with the manufactures of other countries again draws attention to the duty of this Government to use its utmost endeavors to secure impartial treatment for American products in all markets. Healthy commercial rivalry in international intercourse is best assured by the possession of proper means for protecting and promoting our foreign trade. It is natural that competitive countries should view with some concern this steady expansion of our commerce. If in some instance the measures taken

by them to meet it are not entirely equitable, a remedy should be found. In former messages I have described the negotiations of the Department of State with foreign Governments for the adjustment of the maximum and minimum tariff as provided in section 2 of the tariff law of 1909. The advantages secured by the adjustment of our trade relations under this law have continued during the last year, and some additional cases of discriminatory treatment of which we had reason to complain have been removed. The Department of State has for the first time in the history of this country obtained substantial most-favored-nation treatment from all the countries of the world. There are, however, other instances which, while apparently not constituting undue discrimination in the sense of section 2, are nevertheless exceptions to the complete equity of tariff treatment for American products that the Department of State consistently has sought to obtain for American commerce abroad.

NECESSITY FOR SUPPLEMENTARY LEGISLATION

These developments confirm the opinion conveyed to you in my annual message of 1911, that while the maximum and minimum provision of the tariff law of 1909 has been fully justified by the success achieved in removing previously existing undue discriminations against American products, yet experience has shown that this feature of the law should be amended in such way as to provide a fully effective means of meeting the varying degrees of discriminatory treatment of American commerce in foreign countries still encountered, as well as to protect against injurious treatment on the part of foreign Governments, through either legislative or administrative measures, the financial interests abroad of American citizens whose enterprises enlarge the market for American commodities.

I can not too strongly recommend to the Congress the passage of some such enabling measure as the bill which was recommended by the Secretary of State in his letter of December 13, 1911. The object of the proposed legislation is, in brief, to enable the Executive to apply, as the case may require, to any or all commodities, whether or not on the free list from a country which discriminates against the United States, a graduated scale of duties up to the maximum of 25 per cent *ad valorem* provided in the present law. Flat tariffs are out of date. Nations no longer accord equal tariff treatment to all other nations irrespective of the treatment from them received. Such a flexible power at the command of the Executive would serve to moderate any unfavorable tendencies on the part of those countries from which the importations into the United States are substantially confined to articles on the free list as well as of the countries which find a lucrative market in the United States for their products under

existing customs rates. It is very necessary that the American Government should be equipped with weapons of negotiation adapted to modern economic conditions, in order that we may at all times be in a position to gain not only technically just but actually equitable treatment for our trade, and also for American enterprise and vested interests abroad.

BUSINESS SECURED TO OUR COUNTRY BY DIRECT OFFICIAL EFFORT

As illustrating the commercial benefits of the Nation derived from the new diplomacy and its effectiveness upon the material as well as the more ideal side, it may be remarked that through direct official efforts alone there have been obtained in the course of this administration, contracts from foreign Governments involving an expenditure of $50,000,000 in the factories of the United States. Consideration of this fact and some reflection upon the necessary effects of a scientific tariff system and a foreign service alert and equipped to cooperate with the business men of America carry the conviction that the gratifying increase in the export trade of this country is, in substantial amount, due to our improved governmental methods of protecting and stimulating it. It is germane to these observations to remark that in the two years that have elapsed since the successful negotiation of our new treaty with Japan, which at the time seemed to present so many practical difficulties, our export trade to that country has increased at the rate of over $1,000,000 a month. Our exports to Japan for the year ended June 30, 1910, were $21,959,310, while for the year ended June 30, 1912, the exports were $53,478,046, a net increase in the sale of American products of nearly 150 per cent.

SPECIAL CLAIMS ARBITRATION WITH GREAT BRITAIN

Under the special agreement entered into between the United States and Great Britain on August 18, 1910, for the arbitration of outstanding pecuniary claims, a schedule of claims and the terms of submission have been agreed upon by the two Governments, and together with the special agreement were approved by the Senate on July 19, 1911, but in accordance with the terms of the agreement they did not go into effect until confirmed by the two Governments by an exchange of notes, which was done on April 26 last. Negotiations are still in progress for a supplemental schedule of claims to be submitted to arbitration under this agreement, and meanwhile the necessary preparations for the arbitration of the claims included in the first schedule have been undertaken and are being carried on under the authority of an appropriation made for that purpose at the last session of Congress. It is anticipated that the two Governments will be prepared to call upon the arbitration tribunal, established under

this agreement, to meet at Washington early next year to proceed with this arbitration.

FUR SEAL TREATY AND NEED FOR AMENDMENT OF OUR STATUTE

The act adopted at the last session of Congress to give effect to the fur-seal convention of July 7, 1911, between Great Britain, Japan, Russia, and the United States provided for the suspension of all land killing of seals on the Pribilof Islands for a period of five years, and an objection has now been presented to this provision by the other parties in interest, which raises the issue as to whether or not this prohibition of land killing is inconsistent with the spirit, if not the letter, of the treaty stipulations. The justification of establishing this close season depends, under the terms of the convention, upon how far, if at all, it is necessary for protecting and preserving the American fur-seal herd and for increasing its number. This is a question requiring examination of the present condition of the herd and the treatment which it needs in the light of actual experience and scientific investigation. A careful examination of the subject is now being made, and this Government will soon be in possession of a considerable amount of new information about the American seal herd, which has been secured during the past season and will be of great value in determining this question; and if it should appear that there is any uncertainty as to the real necessity for imposing a close season at this time I shall take an early opportunity to address a special message to Congress on this subject, in the belief that this Government should yield on this point rather than give the slightest ground for the charge that we have been in any way remiss in observing our treaty obligations.

FINAL SETTLEMENT OF NORTH ATLANTIC FISHERIES DISPUTE

On the 20th of July last an agreement was concluded between the United States and Great Britain adopting, with certain modifications, the rules and method of procedure recommended in the award rendered by the North Atlantic Coast Fisheries Arbitration Tribunal on September 7, 1910, for the settlement hereafter, in accordance with the principles laid down in the award, of questions arising with reference to the exercise of the American fishing liberties under Article I of the treaty of October 20, 1818, between the United States and Great Britain. This agreement received the approval of the Senate on August 1 and was formally ratified by the two Governments on November 15 last. The rules and a method of procedure embodied in the award provided for determining by an impartial tribunal the reasonableness of any new fishery regulations on the treaty coasts of Newfoundland and Canada before such regulations could be enforced

against American fishermen exercising their treaty liberties on those coasts, and also for determining the delimitation of bays on such coasts more than 10 miles wide, in accordance with the definition adopted by the tribunal of the meaning of the word " bays " as used in the treaty. In the subsequent negotiations between the two Governments, undertaken for the purpose of giving practical effect to these rules and methods of procedure, it was found that certain modifications therein were desirable from the point of view of both Governments, and these negotiations have finally resulted in the agreement above mentioned by which the award recommendations as modified by mutual consent of the two Governments are finally adopted and made effective, thus bringing this century-old controversy to a final conclusion, which is equally beneficial and satisfactory to both Governments.

IMPERIAL VALLEY AND MEXICO

In order to make possible the more effective performance of the work necessary for the confinement in their present channel of the waters of the lower Colorado River, and thus to protect the people of the Imperial Valley, as well as in order to reach with the Government of Mexico an understanding regarding the distribution of the waters of the Colorado River, in which both Governments are much interested, negotiations are going forward with a view to the establishment of a preliminary Colorado River commission, which shall have the powers necessary to enable it to do the needful work and with authority to study the question of the equitable distribution of the waters. There is every reason to believe that an understanding upon this point will be reached and that an agreement will be signed in the near future.

CHAMIZAL DISPUTE

In the interest of the people and city of El Paso this Government has been assiduous in its efforts to bring to an early settlement the long-standing Chamizal dispute with Mexico. Much has been accomplished, and while the final solution of the dispute is not immediate, the favorable attitude lately assumed by the Mexican Government encourages the hope that this troublesome question will be satisfactorily and definitively settled at an early day.

INTERNATIONAL COMMISSION OF JURISTS

In pursuance of the convention of August 23, 1906, signed at the Third Pan American Conference, held at Rio de Janeiro, the International Commission of Jurists met at that capital during the month of last June. At this meeting 16 American Republics were represented, including the United States, and comprehensive plans for the

future work of the commission were adopted. At the next meeting fixed for June, 1914, committees already appointed are instructed to report regarding topics assigned to them.

OPIUM CONFERENCE—UNFORTUNATE FAILURE OF OUR GOVERNMENT TO ENACT RECOMMENDED LEGISLATION

In my message on foreign relations communicated to the two Houses of Congress December 7, 1911, I called especial attention to the assembling of the Opium Conference at The Hague, to the fact that that conference was to review all pertinent municipal laws relating to the opium and allied evils, and certainly all international rules regarding these evils, and to the fact that it seemed to me most essential that the Congress should take immediate action on the antinarcotic legislation before the Congress, to which I had previously called attention by a special message.

The international convention adopted by the conference conforms almost entirely to the principles contained in the proposed antinarcotic legislation which has been before the last two Congresses. It was most unfortunate that this Government, having taken the initiative in the international action which eventuated in the important international opium convention, failed to do its share in the great work by neglecting to pass the necessary legislation to correct the deplorable narcotic evils in the United States as well as to redeem international pledges upon which it entered by virtue of the above-mentioned convention. The Congress at its present session should enact into law those bills now before it which have been so carefully drawn up in collaboration between the Department of State and the other executive departments, and which have behind them not only the moral sentiment of the country, but the practical support of all the legitimate trade interests likely to be affected. Since the international convention was signed, adherence to it has been made by several European States not represented at the conference at The Hague and also by seventeen Latin-American Republics.

EUROPE AND THE NEAR EAST

The war between Italy and Turkey came to a close in October last by the signature of a treaty of peace, subsequently to which the Ottoman Empire renounced sovereignty over Cyrenaica and Tripolitania in favor of Italy. During the past year the Near East has unfortunately been the theater of constant hostilities. Almost simultaneously with the conclusion of peace between Italy and Turkey and their arrival at an adjustment of the complex questions at issue between them, war broke out between Turkey on the one hand and Bulgaria, Greece, Montenegro, and Servia on the other. The United

States has happily been involved neither directly nor indirectly with the causes or questions incident to any of these hostilities and has maintained in regard to them an attitude of absolute neutrality and of complete political disinterestedness. In the second war in which the Ottoman Empire has been engaged the loss of life and the consequent distress on both sides have been appalling, and the United States has found occasion, in the interest of humanity, to carry out the charitable desires of the American people, to extend a measure of relief to the sufferers on either side through the impartial medium of the Red Cross. Beyond this the chief care of the Government of the United States has been to make due provision for the protection of its national resident in belligerent territory. In the exercise of my duty in this matter I have dispatched to Turkish waters a special-service squadron, consisting of two armored cruisers, in order that this Government may if need be bear its part in such measures as it may be necessary for the interested nations to adopt for the safeguarding of foreign lives and property in the Ottoman Empire in the event that a dangerous situation should develop. In the meanwhile the several interested European powers have promised to extend to American citizens the benefit of such precautionary or protective measures as they might adopt, in the same manner in which it has been the practice of this Government to extend its protection to all foreign residents in those countries of the Western Hemisphere in which it has from time to time been the task of the United States to act in the interest of peace and good order. The early appearance of a large fleet of European warships in the Bosphorus apparently assured the protection of foreigners in that quarter, where the presence of the American *stationnaire* the U. S. S. *Scorpion* sufficed, under the circumstances, to represent the United States. Our cruisers were thus left free to act if need be along the Mediterranean coasts should any unexpected contingency arise affecting the numerous American interests in the neighborhood of Smyrna and Beirut.

SPITZBERGEN

The great preponderance of American material interests in the subarctic island of Spitzbergen, which has always been regarded politically as "no man's land," impels this Government to a continued and lively interest in the international dispositions to be made for the political governance and administration of that region. The conflict of certain claims of American citizens and others is in a fair way to adjustment, while the settlement of matters of administration, whether by international conference of the interested powers or otherwise, continues to be the subject of exchange of views between the Governments concerned.

LIBERIA

As a result of the efforts of this Government to place the Government of Liberia in position to pay its outstanding indebtedness and to maintain a stable and efficient government, negotiations for a loan of $1,700,000 have been successfully concluded, and it is anticipated that the payment of the old loan and the issuance of the bonds of the 1912 loan for the rehabilitation of the finances of Liberia will follow at an early date, when the new receivership will go into active operation. The new receivership will consist of a general receiver of customs designated by the Government of the United States and three receivers of customs designated by the Governments of Germany, France, and Great Britain, which countries have commercial interests in the Republic of Liberia.

In carrying out the understanding between the Government of Liberia and that of the United States, and in fulfilling the terms of the agreement between the former Government and the American bankers, three competent ex-army officers are now effectively employed by the Liberian Government in reorganizing the police force of the Republic, not only to keep in order the native tribes in the hinterland but to serve as a necessary police force along the frontier. It is hoped that these measures will assure not only the continued existence but the prosperity and welfare of the Republic of Liberia. Liberia possesses fertility of soil and natural resources, which should insure to its people a reasonable prosperity. It was the duty of the United States to assist the Republic of Liberia in accordance with our historical interest and moral guardianship of a community founded by American citizens, as it was also the duty of the American Government to attempt to assure permanence to a country of much sentimental and perhaps future real interest to a large body of our citizens.

MOROCCO

The legation at Tangier is now in charge of our consul general, who is acting as chargé d'affaires, as well as caring for our commercial interests in that country. In view of the fact that many of the foreign powers are now represented by chargés d'affaires it has not been deemed necessary to appoint at the present time a minister to fill a vacancy occurring in that post.

THE FAR EAST

The political disturbances in China in the autumn and winter of 1911–12 resulted in the abdication of the Manchu rulers on February 12, followed by the formation of a provisional republican government empowered to conduct the affairs of the nation until a permanent government might be regularly established. The natural sym-

pathy of the American people with the assumption of republican principles by the Chinese people was appropriately expressed in a concurrent resolution of Congress on April 17, 1912. A constituent assembly, composed of representatives duly chosen by the people of China in the elections that are now being held, has been called to meet in January next to adopt a permanent constitution and organize the Government of the nascent Republic. During the formative constitutional stage and pending definite action by the assembly, as expressive of the popular will, and the hoped-for establishment of a stable republican form of government, capable of fulfilling its international obligations, the United States is, according to precedent, maintaining full and friendly *de facto* relations with the provisional Government.

The new condition of affairs thus created has presented many serious and complicated problems, both of internal rehabilitation and of international relations, whose solution it was realized would necessarily require much time and patience. From the beginning of the upheaval last autumn it was felt by the United States, in common with the other powers having large interests in China, that independent action by the foreign Governments in their own individual interests would add further confusion to a situation already complicated. A policy of international cooperation was accordingly adopted in an understanding, reached early in the disturbances, to act together for the protection of the lives and property of foreigners if menaced, to maintain an attitude of strict impartiality as between the contending factions, and to abstain from any endeavor to influence the Chinese in their organization of a new form of government. In view of the seriousness of the disturbances and their general character, the American minister at Peking was instructed at his discretion to advise our nationals in the affected districts to concentrate at such centers as were easily accessible to foreign troops or men of war. Nineteen of our naval vessels were stationed at various Chinese ports, and other measures were promptly taken for the adequate protection of American interests.

It was further mutually agreed, in the hope of hastening an end to hostilities, that none of the interested powers would approve the making of loans by its nationals to either side. As soon, however, as a united provisional Government of China was assured, the United States joined in a favorable consideration of that Government's request for advances needed for immediate administrative necessities and later for a loan to effect a permanent national reorganization. The interested Governments had already, by common consent, adopted, in respect to the purposes, expenditure, and security of any loans to China made by their nationals, certain conditions which

were held to be essential, not only to secure reasonable protection for the foreign investors, but also to safeguard and strengthen China's credit by discouraging indiscriminate borrowing and by insuring the application of the funds toward the establishment of the stable and effective government necessary to China's welfare. In June last representative banking groups of the United States, France, Germany, Great Britain, Japan, and Russia formulated, with the general sanction of their respective Governments, the guaranties that would be expected in relation to the expenditure and security of the large reorganization loan desired by China, which, however, have thus far proved unacceptable to the provisional Government.

SPECIAL MISSION OF CONDOLENCE TO JAPAN

In August last I accredited the Secretary of State as special ambassador to Japan, charged with the mission of bearing to the imperial family, the Government, and the people of that Empire the sympathetic message of the American Commonwealth on the sad occasion of the death of His Majesty the Emperor Mutsuhito, whose long and benevolent reign was the greater part of Japan's modern history. The kindly reception everywhere accorded to Secretary Knox showed that his mission was deeply appreciated by the Japanese nation and emphasized strongly the friendly relations that have for so many years existed between the two peoples.

SOUTH AMERICA

Our relations with the Argentine Republic are most friendly and cordial. So, also, are our relations with Brazil, whose Government has accepted the invitation of the United States to send two army officers to study at the Coast Artillery School at Fort Monroe. The long-standing Alsop claim, which had been the only hindrance to the healthy growth of the most friendly relations between the United States and Chile, having been eliminated through the submission of the question to His Britannic Majesty King George V as "amiable compositeur," it is a cause of much gratification to me that our relations with Chile are now established upon a firm basis of growing friendship. The Chilean Government has placed an officer of the United States Coast Artillery in charge of the Chilean Coast Artillery School, and has shown appreciation of American methods by confiding to an American firm important work for the Chilean coast defenses.

Last year a revolution against the established Government of Ecuador broke out at the pricipal port of that Republic. Previous to this occurrence the chief American interest in Ecuador, represented by the Guayaquil & Quito Railway Co., incorporated in the United States, had rendered extensive transportation and other services on

account to the Ecuadorian Government, the amount of which ran into a sum which was steadily increasing and which the Ecuadorian Government had made no provision to pay, thereby threatening to crush out the very existence of this American enterprise. When tranquillity had been restored to Ecuador as a result of the triumphant progress of the Government forces from Quito, this Government interposed its good offices to the end that the American interests in Ecuador might be saved from complete extinction. As a part of the arrangement which was reached between the parties, and at the request of the Government of Ecuador, I have consented to name an arbitrator, who, acting under the terms of the railroad contract, with an arbitrator named by the Ecuadorian Government, will pass upon the claims that have arisen since the arrangement reached through the action of a similar arbitral tribunal in 1908.

In pursuance of a request made some time ago by the Ecuadorian Government, the Department of State has given much attention to the problem of the proper sanitation of Guayaquil. As a result a detail of officers of the Canal Zone will be sent to Guayaquil to recommend measures that will lead to the complete permanent sanitation of this plague and fever infected region of that Republic, which has for so long constituted a menace to health conditions on the Canal Zone. It is hoped that the report which this mission will furnish will point out a way whereby the modicum of assistance which the United States may properly lend the Ecuadorian Government may be made effective in ridding the west coast of South America of a focus of contagion to the future commercial current passing through the Panama Canal.

In the matter of the claim of John Celestine Landreau against the Government of Peru, which claim arises out of certain contracts and transactions in connection with the discovery and exploitation of guano, and which has been under discussion between the two Governments since 1874, I am glad to report that as the result of prolonged negotiations, which have been characterized by the utmost friendliness and good will on both sides, the Department of State has succeeded in securing the consent of Peru to the arbitration of the claim, and that the negotiations attending the drafting and signature of a protocol submitting the claim to an arbitral tribunal are proceeding with due celerity.

An officer of the American Public Health Service and an American sanitary engineer are now on the way to Iquitos, in the employ of the Peruvian Government, to take charge of the sanitation of that river port. Peru is building a number of submarines in this country, and continues to show every desire to have American capital invested in the Republic.

In July the United States sent undergraduate delegates to the Third International Students Congress held at Lima, American students having been for the first time invited to one of these meetings.

The Republic of Uruguay has shown its appreciation of American agricultural and other methods by sending a large commission to this country and by employing many American experts to assist in building up agricultural and allied industries in Uruguay.

Venezuela is paying off the last of the claims the settlement of which was provided for by the Washington protocols, including those of American citizens. Our relations with Venezuela are most cordial, and the trade of that Republic with the United States is now greater than with any other country.

CENTRAL AMERICA AND THE CARIBBEAN

During the past summer the revolution against the administration which followed the assassination of President Caceres a year ago last November brought the Dominican Republic to the verge of administrative chaos, without offering any guaranties of eventual stability in the ultimate success of either party. In pursuance of the treaty relations of the United States with the Dominican Republic, which were threatened by the necessity of suspending the operation under American administration of the customhouses on the Haitian frontier, it was found necessary to dispatch special commissioners to the island to reestablish the customhouses and with a guard sufficient to insure needed protection to the customs administration. The efforts which have been made appear to have resulted in the restoration of normal conditions throughout the Republic. The good offices which the commissioners were able to exercise were instrumental in bringing the contending parties together and in furnishing a basis of adjustment which it is hoped will result in permanent benefit to the Dominican people.

Mindful of its treaty relations, and owing to the position of the Government of the United States as mediator between the Dominican Republic and Haiti in their boundary dispute, and because of the further fact that the revolutionary activities on the Haitian-Dominican frontier had become so active as practically to obliterate the line of demarcation that had been heretofore recognized pending the definitive settlement of the boundary in controversy, it was found necessary to indicate to the two island Governments a provisional *de facto* boundary line. This was done without prejudice to the rights or obligations of either country in a final settlement to be reached by arbitration. The tentative line chosen was one which, under the circumstances brought to the knowledge of this Government, seemed to conform to the best interests of the disputants.

The border patrol which it had been found necessary to reestablish for customs purposes between the two countries was instructed provisionally to observe this line.

The Republic of Cuba last May was in the throes of a lawless uprising that for a time threatened the destruction of a great deal of valuable property—much of it owned by Americans and other foreigners—as well as the existence of the Government itself. The armed forces of Cuba being inadequate to guard property from attack and at the same time properly to operate against the rebels, a force of American marines was dispatched from our naval station at Guantanamo into the Province of Oriente for the protection of American and other foreign life and property. The Cuban Government was thus able to use all its forces in putting down the outbreak, which it succeeded in doing in a period of six weeks. The presence of two American warships in the harbor of Habana during the most critical period of this disturbance contributed in great measure to allay the fears of the inhabitants, including a large foreign colony.

There has been under discussion with the Government of Cuba for some time the question of the release by this Government of its leasehold rights at Bahia Honda, on the northern coast of Cuba, and the enlargement, in exchange therefor, of the naval station which has been established at Guantanamo Bay, on the south. As the result of the negotiations thus carried on an agreement has been reached between the two Governments providing for the suitable enlargement of the Guantanamo Bay station upon terms which are entirely fair and equitable to all parties concerned.

At the request alike of the Government and both political parties in Panama, an American commission undertook supervision of the recent presidential election in that Republic, where our treaty relations, and, indeed, every geographical consideration, make the maintenance of order and satisfactory conditions of peculiar interest to the Government of the United States. The elections passed without disorder, and the new administration has entered upon its functions.

The Government of Great Britain has asked the support of the United States for the protection of the interests of British holders of the foreign bonded debt of Guatemala. While this Government is hopeful of an arrangement equitable to the British bondholders, it is naturally unable to view the question apart from its relation to the broad subject of financial stability in Central America, in which the policy of the United States does not permit it to escape a vital interest. Through a renewal of negotiations between the Government of Guatemala and American bankers, the aim of which is a loan for the rehabilitation of Guatemalan finances, a way appears to be open by which the Government of Guatemala could promptly satisfy any

equitable and just British claims, and at the same time so improve its whole financial position as to contribute greatly to the increased prosperity of the Republic and to redound to the benefit of foreign investments and foreign trade with that country. Failing such an arrangement, it may become impossible for the Government of the United States to escape its obligations in connection with such measures as may become necessary to exact justice to legitimate foreign claims.

In the recent revolution in Nicaragua, which, it was generally admitted, might well have resulted in a general Central American conflict but for the intervention of the United States, the Government of Honduras was especially menaced; but fortunately peaceful conditions were maintained within the borders of that Republic. The financial condition of that country remains unchanged, no means having been found for the final adjustment of pressing outstanding foreign claims. This makes it the more regrettable that the financial convention between the United States and Honduras has thus far failed of ratification. The Government of the United States continues to hold itself ready to cooperate with the Government of Honduras, which it is believed, can not much longer delay the meeting of its foreign obligations, and it is hoped at the proper time American bankers will be willing to cooperate for this purpose.

NECESSITY FOR GREATER GOVERNMENTAL EFFORT IN RETENTION AND EXPANSION OF OUR FOREIGN TRADE

It is not possible to make to the Congress a communication upon the present foreign relations of the United States so detailed as to convey an adequate impression of the enormous increase in the importance and activities of those relations. If this Government is really to preserve to the American people that free opportunity in foreign markets which will soon be indispensable to our prosperity, even greater efforts must be made. Otherwise the American merchant, manufacturer, and exporter will find many a field in which American trade should logically predominate preempted through the more energetic efforts of other governments and other commercial nations.

There are many ways in which through hearty cooperation the legislative and executive branches of this Government can do much. The absolute essential is the spirit of united effort and singleness of purpose. I will allude only to a very few specific examples of action which ought then to result. America can not take its proper place in the most important fields for its commercial activity and enterprise unless we have a merchant marine. American commerce and enterprise can not be effectively fostered in those fields unless we have

good American banks in the countries referred to. We need American newspapers in those countries and proper means for public information about them. We need to assure the permanency of a trained foreign service. We need legislation enabling the members of the foreign service to be systematically brought in direct contact with the industrial, manufacturing, and exporting interests of this country in order that American business men may enter the foreign field with a clear perception of the exact conditions to be dealt with and the officers themselves may prosecute their work with a clear idea of what American industrial and manufacturing interests require.

CONCLUSION

Congress should fully realize the conditions which obtain in the world as we find ourselves at the threshold of our middle age as a Nation. We have emerged full grown as a peer in the great concourse of nations. We have passed through various formative periods. We have been self-centered in the struggle to develop our domestic resources and deal with our domestic questions. The Nation is now too matured to continue in its foreign relations those temporary expedients natural to a people to whom domestic affairs are the sole concern. In the past our diplomacy has often consisted, in normal times, in a mere assertion of the right to international existence. We are now in a larger relation with broader rights of our own and obligations to others than ourselves. A number of great guiding principles were laid down early in the history of this Government. The recent task of our diplomacy has been to adjust those principles to the conditions of to-day, to develop their corollaries, to find practical applications of the old principles expanded to meet new situations. Thus are being evolved bases upon which can rest the superstructure of policies which must grow with the destined progress of this Nation. The successful conduct of our foreign relations demands a broad and a modern view. We can not meet new questions nor build for the future if we confine ourselves to outworn dogmas of the past and to the perspective appropriate at our emergence from colonial times and conditions. The opening of the Panama Canal will mark a new era in our international life and create new and world-wide conditions which, with their vast correlations and consequences, will obtain for hundreds of years to come. We must not wait for events to overtake us unawares. With continuity of purpose we must deal with the problems of our external relations by a diplomacy modern, resourceful, magnanimous, and fittingly expressive of the high ideals of a great nation.

WM. H. TAFT.

ANNUAL MESSAGE—Part II.

[On Fiscal, Judicial, Military and Insular Affairs.]

THE WHITE HOUSE, *December 6, 1912.*

To the Senate and House of Representatives:

On the 3d of December I sent a message to the Congress, which was confined to our foreign relations. The Secretary of State makes no report to the President or to Congress, and a review of the history of the transactions of the State Department in one year must therefore be included by the President in his annual message or Congress will not be fully informed of them. A full discussion of all the transactions of the Government, with a view to informing the Congress of the important events of the year and recommending new legislation, requires more space than one message of reasonable length affords. I have therefore adopted the course of sending three or four messages during the first ten days of the session, so as to include reference to the more important matters that should be brought to the attention of the Congress.

BUSINESS CONDITIONS

The condition of the country with reference to business could hardly be better. While the four years of the administration now drawing to a close have not developed great speculative expansion or a wide field of new investment, the recovery and progress made from the depressing conditions following the panic of 1907 have been steady and the improvement has been clear and easily traced in the statistics. The business of the country is now on a solid basis. Credits are not unduly extended, and every phase of the situation seems in a state of preparedness for a period of unexampled prosperity. Manufacturing concerns are running at their full capacity and the demand for labor was never so constant and growing. The foreign trade of the country for this year will exceed $4,000,000,000, while the balance in our favor—that of the excess of exports over imports—will exceed $500,000,000. More than half our exports are manufactures or partly manufactured material, while our exports of farm products do not show the same increase because of domestic consumption. It is a year of bumper crops; the total money value of farm products will exceed $9,500,000,000. It is a year when the bushel or unit price of agricultural products has gradually fallen, and yet the total value of the entire crop is greater by over $1,000,000,000 than we have known in our history.

CONDITION OF THE TREASURY

The condition of the Treasury is very satisfactory. The total interest-bearing debt is $963,777,770, of which $134,631,980 constitute the Panama Canal loan. The noninterest-bearing debt is $378,301,284.90, including $346,681,016 of greenbacks. We have in the Treasury $150,000,000 in gold coin as a reserve against the outstanding greenbacks; and in addition we have a cash balance in the Treasury as a general fund of $167,152,478.99, or an increase of $26,975,552 over the general fund last year.

RECEIPTS AND EXPENDITURES

For three years the expenditures of the Government have decreased under the influence of an effort to economize. This year presents an apparent exception. The estimate by the Secretary of the Treasury of the ordinary receipts, exclusive of postal revenues, for the year ending June 30, 1914, indicates that they will amount to $710,000,000. The sum of the estimates of the expenditures for that same year, exclusive of Panama Canal disbursements and postal disbursements payable from postal revenues, is $732,000,000, indicating a deficit of $22,000,000. For the year ending June 30, 1913, similarly estimated receipts were $667,000,000, while the total corresponding estimate of expenditures for that year, submitted through the Secretary of the Treasury to Congress, amounted to $656,000,000. This shows an increase of $76,000,000 in the estimates for 1914 over the total estimates of 1913. This is due to an increase of $25,000,000 in the estimate for rivers and harbors for the next year on projects and surveys authorized by Congress; to an increase under the new pension bill of $32,500,000; and to an increase in the estimates for expenses of the Navy Department of $24,000,000. The estimate for the Navy Department for the year 1913 included two battleships. Congress made provision for only one battleship, and therefore the Navy Department has deemed it necessary and proper to make an estimate which includes the first year's expenditure for three battleships in addition to the amount required for work on the uncompleted ships now under construction. In addition to the natural increase in the expenditures for the uncompleted ships, and the additional battleship estimated for, the other increases are due to the pay required for 4,000 or more additional enlisted men in the Navy; and to this must be added the additional cost of construction imposed by the change in the eight-hour law which makes it applicable to ships built in private shipyards.

With the exceptions of these three items, the estimates show a reduction this year below the total estimates for 1913 of more than $5,000,000.

The estimates for Panama Canal construction for 1914 are $17,000,000 less than for 1913.

OUR BANKING AND CURRENCY SYSTEM

A time when panics seem far removed is the best time for us to prepare our financial system to withstand a storm. The most crying need this country has is a proper banking and currency system. The existing one is inadequate, and everyone who has studied the question admits it.

It is the business of the National Government to provide a medium, automatically contracting and expanding in volume, to meet the needs of trade. Our present system lacks the indispensable quality of elasticity.

The only part of our monetary medium that has elasticity is the bank-note currency. The peculiar provisions of the law requiring national banks to maintain reserves to meet the call of the depositors operates to increase the money stringency when it arises rather than to expand the supply of currency and relieve it. It operates upon each bank and furnishes a motive for the withdrawal of currency from the channels of trade by each bank to save itself, and offers no inducement whatever for the use of the reserve to expand the supply of currency to meet the exceptional demand.

After the panic of 1907 Congress realized that the present system was not adapted to the country's needs and that under it panics were possible that might properly be avoided by legislative provision. Accordingly a monetary commission was appointed which made a report in February, 1912. The system which they recommended involved a National Reserve Association, which was, in certain of its faculties and functions, a bank, and which was given through its governing authorities the power, by issuing circulating notes for approved commercial paper, by fixing discounts, and by other methods of transfer of currency, to expand the supply of the monetary medium where it was most needed to prevent the export or hoarding of gold and generally to exercise such supervision over the supply of money in every part of the country as to prevent a stringency and a panic. The stock in this association was to be distributed to the banks of the whole United States, State and National, in a mixed proportion to bank units and to capital stock paid in. The control of the association was vested in a board of directors to be elected by representatives of the banks, except certain ex-officio directors, three Cabinet officers, and the Comptroller of the Currency. The President was to appoint the governor of the association from three persons to be selected by the directors, while the two deputy governors were to be elected by the board of directors. The details of the plan

were worked out with great care and ability, and the plan in general seems to me to furnish the basis for a proper solution of our present difficulties. I feel that the Government might very properly be given a greater voice in the executive committee of the board of directors without danger of injecting politics into its management, but I think the federation system of banks is a good one, provided proper precautions are taken to prevent banks of large capital from absorbing power through ownership of stock in other banks. The objections to a central bank it seems to me are obviated if the ownership of the reserve association is distributed among all the banks of a country in which banking is free. The earnings of the reserve association are limited in percentage to a reasonable and fixed amount, and the profits over and above this are to be turned into the Government Treasury. It is quite probable that still greater security against control by money centers may be worked into the plan.

Certain it is, however, that the objections which were made in the past history of this country to a central bank as furnishing a monopoly of financial power to private individuals, would not apply to an association whose ownership and control is so widely distributed and is divided between all the banks of the country, State and National, on the one hand, and the Chief Executive through three department heads and his Comptroller of the Currency, on the other. The ancient hostility to a national bank, with its branches, in which is concentrated the privilege of doing a banking business and carrying on the financial transactions of the Government, has prevented the establishment of such a bank since it was abolished in the Jackson Administration. Our present national banking law has obviated objections growing out of the same cause by providing a free banking system in which any set of stockholders can establish a national bank if they comply with the conditions of law. It seems to me that the National Reserve Association meets the same objection in a similar way; that is, by giving to each bank, State and National, in accordance with its size, a certain share in the stock of the reserve association, nontransferable and only to be held by the bank while it performs its functions as a partner in the reserve association.

The report of the commission recommends provisions for the imposition of a graduated tax on the expanded currency of such a character as to furnish a motive for reducing the issue of notes whenever their presence in the money market is not required by the exigencies of trade. In other words, the whole system has been worked out with the greatest care. Theoretically it presents a plan that ought to command support. Practically it may require modification in various of its provisions in order to make the security against abuses by combinations among the banks impossible. But in the face

of the crying necessity that there is for improvement in our present system, I urgently invite the attention of Congress to the proposed plan and the report of the commission, with the hope that an earnest consideration may suggest amendments and changes within the general plan which will lead to its adoption for the benefit of the country. There is no class in the community more interested in a safe and sane banking and currency system, one which will prevent panics and automatically furnish in each trade center the currency needed in the carrying on of the business at that center, than the wage earner. There is no class in the community whose experience better qualifies them to make suggestions as to the sufficiency of a currency and banking system than the bankers and business men. Ought we, therefore, to ignore their recommendations and reject their financial judgment as to the proper method of reforming our financial system merely because of the suspicion which exists against them in the minds of many of our fellow citizens? Is it not the duty of Congress to take up the plan suggested, examine it from all standpoints, give impartial consideration to the testimony of those whose experience ought to fit them to give the best advice on the subject, and then to adopt some plan which will secure the benefits desired?

A banking and currency system seems far away from the wage earner and the farmer, but the fact is that they are vitally interested in a safe system of currency which shall graduate its volume to the amount needed and which shall prevent times of artificial stringency that frighten capital, stop employment, prevent the meeting of the pay roll, destroy local markets, and produce penury and want.

THE TARIFF

I have regarded it as my duty in former messages to the Congress to urge the revision of the tariff upon principles of protection. It was my judgment that the customs duties ought to be revised downward, but that the reduction ought not to be below a rate which would represent the difference in the cost of production between the article in question at home and abroad, and for this and other reasons I vetoed several bills which were presented to me in the last session of this Congress. Now that a new Congress has been elected on a platform of a tariff for revenue only rather than a protective tariff, and is to revise the tariff on that basis, it is needless for me to occupy the time of this Congress with arguments or recommendations in favor of a protective tariff.

Before passing from the tariff law, however, known as the Payne tariff law of August 5, 1909, I desire to call attention to section 38 of that act, assessing a special excise tax on corporations. It contains a provision requiring the levy of an additional 50 per cent to

the annual tax in cases of neglect to verify the prescribed return or to file it before the time required by law. This additional charge of 50 per cent operates in some cases as a harsh penalty for what may have been a mere inadvertence or unintentional oversight, and the law should be so amended as to mitigate the severity of the charge in such instances. Provision should also be made for the refund of additional taxes heretofore collected because of such infractions in those cases where the penalty imposed has been so disproportionate to the offense as equitably to demand relief.

BUDGET

The estimates for the next fiscal year have been assembled by the Secretary of the Treasury and by him transmitted to Congress. I purpose at a later day to submit to Congress a form of budget prepared for me and recommended by the President's Commission on Economy and Efficiency, with a view of suggesting the useful and informing character of a properly framed budget.

WAR DEPARTMENT

The War Department combines within its jurisdiction functions which in other countries usually occupy three departments. It not only has the management of the Army and the coast defenses, but its jurisdiction extends to the government of the Philippines and of Porto Rico and the control of the receivership of the customs revenues of the Dominican Republic; it also includes the recommendation of all plans for the improvement of harbors and waterways and their execution when adopted; and, by virtue of an Executive order, the supervision of the construction of the Panama Canal.

ARMY REORGANIZATION

Our small Army now consists of 83,809 men, excluding the 5,000 Philippine scouts. Leaving out of consideration the Coast Artillery force, whose position is fixed in our various seacoast defenses, and the present garrisons of our various insular possessions, we have to-day within the continental United States a mobile Army of only about 35,000 men. This little force must be still further drawn upon to supply the new garrisons for the great naval base which is being established at Pearl Harbor, in the Hawaiian Islands, and to protect the locks now rapidly approaching completion at Panama. The forces remaining in the United States are now scattered in nearly 50 posts, situated for a variety of historical reasons in 24 States. These posts contain only fractions of regiments, averaging less than 700 men each. In time of peace it has been our historical policy to administer these units separately by a geographical organization. In other words, our Army in time of peace has never been a united

organization but merely scattered groups of companies, battalions, and regiments, and the first task in time of war has been to create out of these scattered units an Army fit for effective teamwork and cooperation.

To the task of meeting these patent defects, the War Department has been addressing itself during the past year. For many years we had no officer or division whose business it was to study these problems and plan remedies for these defects. With the establishment of the General Staff nine years ago a body was created for this purpose. It has, necessarily, required time to overcome, even in its own personnel, the habits of mind engendered by a century of lack of method, but of late years its work has become systematic and effective, and it has recently been addressing itself vigorously to these problems.

A comprehensive plan of Army reorganization was prepared by the War College Division of the General Staff. This plan was thoroughly discussed last summer at a series of open conferences held by the Secretary of War and attended by representatives from all branches of the Army and from Congress. In printed form it has been distributed to Members of Congress and throughout the Army and the National Guard, and widely through institutions of learning and elsewhere in the United States. In it, for the first time, we have a tentative chart for future progress.

Under the influence of this study definite and effective steps have been taken toward Army reorganization so far as such reorganization lies within the Executive power. Hitherto there has been no difference of policy in the treatment of the organization of our foreign garrisons from those of troops within the United States. The difference of situation is vital, and the foreign garrison should be prepared to defend itself at an instant's notice against a foe who may command the sea. Unlike the troops in the United States, it can not count upon reinforcements or recruitment. It is an outpost upon which will fall the brunt of the first attack in case of war. The historical policy of the United States of carrying its regiments during time of peace at half strength has no application to our foreign garrisons. During the past year this defect has been remedied as to the Philippines garrison. The former garrison of 12 reduced regiments has been replaced by a garrison of 6 regiments at full strength, giving fully the same number of riflemen at an estimated economy in cost of maintenance of over $1,000,000 per year. This garrison is to be permanent. Its regimental units, instead of being transferred periodically back and forth from the United States, will remain in the islands. The officers and men composing these units will, however, serve a regular tropical detail as usual, thus involving

no greater hardship upon the personnel and greatly increasing the effectiveness of the garrison. A similar policy is proposed for the Hawaiian and Panama garrisons as fast as the barracks for them are completed. I strongly urge upon Congress that the necessary appropriations for this purpose should be promptly made. It is, in my opinion, of first importance that these national outposts, upon which a successful home defense will, primarily, depend, should be finished and placed in effective condition at the earliest possible day.

THE HOME ARMY

Simultaneously with the foregoing steps the War Department has been proceeding with the reorganization of the Army at home. The formerly disassociated units are being united into a tactical organization of three divisions, each consisting of two or three brigades of Infantry and, so far as practicable, a proper proportion of divisional Cavalry and Artillery. Of course, the extent to which this reform can be carried by the Executive is practically limited to a paper organization. The scattered units can be brought under a proper organization, but they will remain physically scattered until Congress supplies the necessary funds for grouping them in more concentrated posts. Until that is done the present difficulty of drilling our scattered groups together, and thus training them for the proper team play, can not be removed. But we shall, at least, have an Army which will know its own organization and will be inspected by its proper commanders, and to which, as a unit, emergency orders can be issued in time of war or other emergency. Moreover, the organization, which in many respects is necessarily a skeleton, will furnish a guide for future development. The separate regiments and companies will know the brigades and divisions to which they belong. They will be maneuvered together whenever maneuvers are established by Congress, and the gaps in their organization will show the pattern into which can be filled new troops as the Nation grows and a larger Army is provided.

REGULAR ARMY RESERVE

One of the most important reforms accomplished during the past year has been the legislation enacted in the Army appropriation bill of last summer, providing for a Regular Army reserve. Hitherto our national policy has assumed that at the outbreak of war our regiments would be immediately raised to full strength. But our laws have provided no means by which this could be accomplished, or by which the losses of the regiments when once sent to the front could be repaired. In this respect we have neglected the lessons learned by other nations. The new law provides that the soldier,

after serving four years with colors, shall pass into a reserve for three years. At his option he may go into the reserve at the end of three years, remaining there for four years. While in the reserve he can be called to active duty only in case of war or other national emergency, and when so called and only in such case will receive a stated amount of pay for all of the period in which he has been a member of the reserve. The legislation is imperfect, in my opinion, in certain particulars, but it is a most important step in the right direction, and I earnestly hope that it will be carefully studied and perfected by Congress.

THE NATIONAL GUARD

Under existing law the National Guard constitutes, after the Regular Army, the first line of national defense. Its organization, discipline, training, and equipment, under recent legislation, have been assimilated, as far as possible, to those of the Regular Army, and its practical efficiency, under the effect of this training, has very greatly increased. Our citizen soldiers under present conditions have reached a stage of development beyond which they can not reasonably be asked to go without further direct assistance in the form of pay from the Federal Government. On the other hand, such pay from the National Treasury would not be justified unless it produced a proper equivalent in additional efficiency on the part of the National Guard. The Organized Militia to-day can not be ordered outside of the limits of the United States, and thus can not lawfully be used for general military purposes. The officers and men are ambitious and eager to make themselves thus available and to become an efficient national reserve of citizen soldiery. They are the only force of trained men, other than the Regular Army, upon which we can rely. The so-called militia pay bill, in the form agreed on between the authorities of the War Department and the representatives of the National Guard, in my opinion adequately meets these conditions and offers a proper return for the pay which it is proposed to give to the National Guard. I believe that its enactment into law would be a very long step toward providing this Nation with a first line of citizen soldiery, upon which its main reliance must depend in case of any national emergency. Plans for the organization of the National Guard into tactical divisions, on the same lines as those adopted for the Regular Army, are being formulated by the War College Division of the General Staff.

NATIONAL VOLUNTEERS

The National Guard consists of only about 110,000 men. In any serious war in the past it has always been necessary, and in such a war in the future it doubtless will be necessary, for the Nation to

depend, in addition to the Regular Army and the National Guard, upon a large force of volunteers. There is at present no adequate provision of law for the raising of such a force. There is now pending in Congress, however, a bill which makes such provision, and which I believe is admirably adapted to meet the exigencies which would be presented in case of war. The passage of the bill would not entail a dollar's expense upon the Government at this time or in the future until war comes. But if war comes the methods therein directed are in accordance with the best military judgment as to what they ought to be, and the act would prevent the necessity for a discussion of any legislation and the delays incident to its consideration and adoption. I earnestly urge its passage.

CONSOLIDATION OF THE SUPPLY CORPS

The Army appropriation act of 1912 also carried legislation for the consolidation of the Quartermaster's Department, the Subsistence Department, and the Pay Corps into a single supply department, to be known as the Quartermaster's Corps. It also provided for the organization of a special force of enlisted men, to be known as the Service Corps, gradually to replace many of the civilian employees engaged in the manual labor necessary in every army. I believe that both of these enactments will improve the administration of our military establishment. The consolidation of the supply corps has already been effected, and the organization of the service corps is being put into effect.

All of the foregoing reforms are in the direction of economy and efficiency. Except for the slight increase necessary to garrison our outposts in Hawaii and Panama, they do not call for a larger Army, but they do tend to produce a much more efficient one. The only substantial new appropriations required are those which, as I have pointed out, are necessary to complete the fortifications and barracks at our naval bases and outposts beyond the sea.

PORTO RICO

Porto Rico continues to show notable progress, both commercially and in the spread of education. Its external commerce has increased 17 per cent over the preceding year, bringing the total value up to $92,631,886, or more than five times the value of the commerce of the island in 1901. During the year 160,657 pupils were enrolled in the public schools, as against 145,525 for the preceding year, and as compared with 26,000 for the first year of American administration. Special efforts are under way for the promotion of vocational and industrial training, the need of which is particularly pressing in the island. When the bubonic plague broke out last June, the quick

and efficient response of the people of Porto Rico to the demands of modern sanitation was strikingly shown by the thorough campaign which was instituted against the plague and the hearty public opinion which supported the Government's efforts to check its progress and to prevent its recurrence.

The failure thus far to grant American citizenship continues to be the only ground of dissatisfaction. The bill conferring such citizenship has passed the House of Representatives and is now awaiting the action of the Senate. I am heartily in favor of the passage of this bill. I believe that the demand for citizenship is just, and that it is amply earned by sustained loyalty on the part of the inhabitants of the island. But it should be remembered that the demand must be, and in the minds of most Porto Ricans is, entirely disassociated from any thought of statehood. I believe that no substantial approved public opinion in the United States or in Porto Rico contemplates statehood for the island as the ultimate form of relations between us. I believe that the aim to be striven for is the fullest possible allowance of legal and fiscal self-government, with American citizenship as to the bond between us; in other words, a relation analogous to the present relation between Great Britain and such self-governing colonies as Canada and Australia. This would conduce to the fullest and most self-sustaining development of Porto Rico, while at the same time it would grant her the economic and political benefits of being under the American flag.

PHILIPPINES

A bill is pending in Congress which revolutionizes the carefully worked out scheme of government under which the Philippine Islands are now governed and which proposes to render them virtually autonomous at once and absolutely independent in eight years. Such a proposal can only be founded on the assumption that we have now discharged our trusteeship to the Filipino people and our responsibility for them to the world, and that they are now prepared for self-government as well as national sovereignty. A thorough and unbiased knowledge of the facts clearly shows that these assumptions are absolutely without justification. As to this, I believe that there is no substantial difference of opinion among any of those who have had the responsibility of facing Philippine problems in the administration of the islands, and I believe that no one to whom the future of this people is a responsible concern can countenance a policy fraught with the direst consequences to those on whose behalf it is ostensibly urged.

In the Philippine Islands we have embarked upon an experiment unprecedented in dealing with dependent people. We are developing

there conditions exclusively for their own welfare. We found an archipelago containing 24 tribes and races, speaking a great variety of languages, and with a population over 80 per cent of which could neither read nor write. Through the unifying forces of a common education, of commercial and economic development, and of gradual participation in local self-government we are endeavoring to evolve a homogeneous people fit to determine, when the time arrives, their own destiny. We are seeking to arouse a national spirit and not, as under the older colonial theory, to suppress such a spirit. The character of the work we have been doing is keenly recognized in the Orient, and our success thus far followed with not a little envy by those who, initiating the same policy, find themselves hampered by conditions grown up in earlier days and under different theories of administration. But our work is far from done. Our duty to the Filipinos is far from discharged. Over half a million Filipino students are now in the Philippine schools helping to mold the men of the future into a homogeneous people, but there still remain more than a million Filipino children of school age yet to be reached. Freed from American control the integrating forces of a common education and a common language will cease and the educational system now well started will slip back into inefficiency and disorder.

An enormous increase in the commercial development of the islands has been made since they were virtually granted full access to our markets three years ago, with every prospect of increasing development and diversified industries. Freed from American control such development is bound to decline. Every observer speaks of the great progress in public works for the benefit of the Filipinos, of harbor improvements, of roads and railways, of irrigation and artesian wells, public buildings, and better means of communication. But large parts of the islands are still unreached, still even unexplored, roads and railways are needed in many parts, irrigation systems are still to be installed, and wells to be driven. Whole villages and towns are still without means of communication other than almost impassable roads and trails. Even the great progress in sanitation, which has successfully suppressed smallpox, the bubonic plague, and Asiatic cholera, has found the cause of and a cure for beriberi, has segregated the lepers, has helped to make Manila the most healthful city in the Orient, and to free life throughout the whole archipelago from its former dread diseases, is nevertheless incomplete in many essentials of permanence in sanitary policy. Even more remains to be accomplished. If freed from American control sanitary progress is bound to be arrested and all that has been achieved likely to be lost.

Concurrent with the economic, social, and industrial development of the islands has been the development of the political capacity of

the people. By their progressive participation in government the Filipinos are being steadily and hopefully trained for self-government. Under Spanish control they shared in no way in the government. Under American control they have shared largely and increasingly. Within the last dozen years they have gradually been given complete autonomy in the municipalities, the right to elect two-thirds of the provincial governing boards and the lower house of the insular legislature. They have four native members out of nine members of the commission, or upper house. The chief justice and two justices of the supreme court, about one-half of the higher judicial positions, and all of the justices of the peace are natives. In the classified civil service the proportion of Filipinos increased from 51 per cent in 1904 to 67 per cent in 1911. Thus to-day all the municipal employees, over 90 per cent of the provincial employees, and 60 per cent of the officials and employees of the central government are Filipinos. The ideal which has been kept in mind in our political guidance of the islands has been *real* popular self-government and not mere paper independence. I am happy to say that the Filipinos have done well enough in the places they have filled and in the discharge of the political power with which they have been intrusted to warrant the belief that they can be educated and trained to complete self-government. But the present satisfactory results are due to constant support and supervision at every step by Americans.

If the task we have undertaken is higher than that assumed by other nations, its accomplishment must demand even more patience. We must not forget that we found the Filipinos wholly untrained in government. Up to our advent all other experience sought to repress rather than encourage political power. It takes long time and much experience to ingrain political habits of steadiness and efficiency. Popular self-government ultimately must rest upon common habits of thought and upon a reasonably developed public opinion. No such foundations for self-government, let alone independence, are now present in the Philippine Islands. Disregarding even their racial heterogeneity and the lack of ability to think as a nation, it is sufficient to point out that under liberal franchise privileges only about 3 per cent of the Filipinos vote and only 5 per cent of the people are said to read the public press. To confer independence upon the Filipinos now is, therefore, to subject the great mass of their people to the dominance of an oligarchical and, probably, exploiting minority. Such a course will be as cruel to those people as it would be shameful to us.

Our true course is to pursue steadily and courageously the path we have thus far followed; to guide the Filipinos into self-sustaining pursuits; to continue the cultivation of sound political habits

through education and political practice; to encourage the diversification of industries, and to realize the advantages of their industrial education by conservatively approved cooperative methods, at once checking the dangers of concentrated wealth and building up a sturdy, independent citizenship. We should do all this with a disinterested endeavor to secure for the Filipinos economic independence and to fit them for complete self-government, with the power to decide eventually, according to their own largest good, whether such self-government shall be accompanied by independence. A present declaration even of future independence would retard progress by the dissension and disorder it would arouse. On our part it would be a disingenuous attempt, under the guise of conferring a benefit on them, to relieve ourselves from the heavy and difficult burden which thus far we have been bravely and consistently sustaining. It would be a disguised policy of scuttle. It would make the helpless Filipino the football of oriental politics, under the protection of a guaranty of their independence, which we would be powerless to enforce.

REGULATION OF WATER POWER

There are pending before Congress a large number of bills proposing to grant privileges of erecting dams for the purpose of creating water power in our navigable rivers. The pendency of these bills has brought out an important defect in the existing general dam act. That act does not, in my opinion, grant sufficient power to the Federal Government in dealing with the construction of such dams to exact protective conditions in the interest of navigation. It does not permit the Federal Government, as a condition of its permit, to require that a part of the value thus created shall be applied to the further general improvement and protection of the stream. I believe this to be one of the most important matters of internal improvement now confronting the Government. Most of the navigable rivers of this country are comparatively long and shallow. In order that they may be made fully useful for navigation there has come into vogue a method of improvement known as canalization, or the slack-water method, which consists in building a series of dams and locks, each of which will create a long pool of deep navigable water. At each of these dams there is usually created also water power of commercial value. If the water power thus created can be made available for the further improvement of navigation in the stream, it is manifest that the improvement will be much more quickly effected on the one hand, and, on the other, that the burden on the general taxpayers of the country will be very much reduced. Private interests seeking permits to build water-power dams in navigable streams usually urge that they thus improve navigation,

and that if they do not impair navigation they should be allowed to take for themselves the entire profits of the water-power development. Whatever they may do by way of relieving the Government of the expense of improving navigation should be given due consideration, but it must be apparent that there may be a profit beyond a reasonably liberal return upon the private investment which is a potential asset of the Government in carrying out a comprehensive policy of waterway development. It is no objection to the retention and use of such an asset by the Government that a comprehensive waterway policy will include the protection and development of the other public uses of water, which can not and should not be ignored in making and executing plans for the protection and development of navigation. It is also equally clear that inasmuch as the water power thus created is or may be an incident of a general scheme of waterway improvement within the constitutional jurisdiction of the Federal Government, the regulation of such water power lies also within that jurisdiction. In my opinion constructive statesmanship requires that legislation should be enacted which will permit the development of navigation in these great rivers to go hand in hand with the utilization of this by-product of water power, created in the course of the same improvement, and that the general dam act should be so amended as to make this possible. I deem it highly important that the Nation should adopt a consistent and harmonious treatment of these water-power projects, which will preserve for this purpose their value to the Government, whose right it is to grant the permit. Any other policy is equivalent to throwing away a most valuable national asset.

THE PANAMA CANAL

During the past year the work of construction upon the canal has progressed most satisfactorily. About 87 per cent of the excavation work has been completed, and more than 93 per cent of the concrete for all the locks is in place. In view of the great interest which has been manifested as to some slides in the Culebra Cut, I am glad to say that the report of Col. Goethals should allay any apprehension on this point. It is gratifying to note that none of the slides which occurred during this year would have interfered with the passage of the ships had the canal, in fact, been in operation, and when the slope pressures will have been finally adjusted and the growth of vegetation will minimize erosion in the banks of the cut, the slide problem will be practically solved and an ample stability assured for the Culebra Cut.

Although the official date of the opening has been set for January 1, 1915, the canal will, in fact, from present indications, be opened

for shipping during the latter half of 1913. No fixed date can as yet be set, but shipping interests will be advised as soon as assurances can be given that vessels can pass through without unnecessary delay.

Recognizing the administrative problem in the management of the canal, Congress in the act of August 24, 1912, has made admirable provisions for executive responsibility in the control of the canal and the government of the Canal Zone. The problem of most efficient organization is receiving careful consideration, so that a scheme of organization and control best adapted to the conditions of the canal may be formulated and put in operation as expeditiously as possible. Acting under the authority conferred on me by Congress, I have, by Executive proclamation, promulgated the following schedule of tolls for ships passing through the canal, based upon the thorough report of Emory R. Johnson, special commissioner on traffic and tolls:

1. On merchant vessels carrying passengers or cargo, $1.20 per net vessel ton—each 100 cubic feet—of actual earning capacity.

2. On vessels in ballast without passengers or cargo, 40 per cent less than the rate of tolls for vessels with passengers or cargo.

3. Upon naval vessels, other than transports, colliers, hospital ships, and supply ships, 50 cents per displacement ton.

4. Upon Army and Navy transports, colliers, hospital ships, and supply ships, $1.20 per net ton, the vessels to be measured by the same rules as are employed in determining the net tonnage of merchant vessels.

Rules for the determination of the tonnage upon which toll charges are based are now in course of preparation and will be promulgated in due season.

PANAMA CANAL TREATY

The proclamation which I have issued in respect to the Panama Canal tolls is in accord with the Panama Canal act passed by this Congress August 24, 1912. We have been advised that the British Government has prepared a protest against the act and its enforcement in so far as it relieves from the payment of tolls American ships engaged in the American coastwise trade on the ground that it violates British rights under the Hay-Pauncefote treaty concerning the Panama Canal. When the protest is presented, it will be promptly considered and an effort made to reach a satisfactory adjustment of any differences there may be between the two Governments.

WORKMEN'S COMPENSATION ACT

The promulgation of an efficient workmen's compensation act, adapted to the particular conditions of the zone, is awaiting adequate

appropriation by Congress for the payment of claims arising thereunder. I urge that speedy provision be made in order that we may install upon the zone a system of settling claims for injuries in best accord with modern humane, social, and industrial theories.

PROMOTION FOR COL. GOETHALS

As the completion of the canal grows nearer, and as the wonderful executive work of Col. Goethals becomes more conspicuous in the eyes of the country and of the world, it seems to me wise and proper to make provision by law for such reward to him as may be commensurate with the service that he has rendered to his country. I suggest that this reward take the form of an appointment of Col. Goethals as a major general in the Army of the United States, and that the law authorizing such appointment be accompanied with a provision permitting his designation as Chief of Engineers upon the retirement of the present incumbent of that office.

NAVY DEPARTMENT

The Navy of the United States is in a greater state of efficiency and is more powerful than it has ever been before, but in the emulation which exists between different countries in respect to the increase of naval and military armaments this condition is not a permanent one. In view of the many improvements and increases by foreign Governments the slightest halt on our part in respect to new construction throws us back and reduces us from a naval power of the first rank and places us among the nations of the second rank. In the past 15 years the Navy has expanded rapidly and yet far less rapidly than our country. From now on reduced expenditures in the Navy means reduced military strength. The world's history has shown the importance of sea power both for adequate defense and for the support of important and definite policies.

I had the pleasure of attending this autumn a mobilization of the Atlantic Fleet, and was glad to observe and note the preparedness of the fleet for instant action. The review brought before the President and the Secretary of the Navy a greater and more powerful collection of vessels than had ever been gathered in American waters. The condition of the fleet and of the officers and enlisted men and of the equipment of the vessels entitled those in authority to the greatest credit.

I again commend to Congress the giving of legislative sanction to the appointment of the naval aids to the Secretary of the Navy. These aids and the council of aids appointed by the Secretary of the Navy to assist him in the conduct of his department have proven to be of the highest utility. They have furnished an executive com-

mittee of the most skilled naval experts, who have coordinated the action of the various bureaus in the Navy, and by their advice have enabled the Secretary to give an administration at the same time economical and most efficient. Never before has the United States had a Navy that compared in efficiency with its present one, but never before have the requirements with respect to naval warfare been higher and more exacting than now. A year ago Congress refused to appropriate for more than one battleship. In this I think a great mistake of policy was made, and I urgently recommend that this Congress make up for the mistake of the last session by appropriations authorizing the construction of three battleships, in addition to destroyers, fuel ships, and the other auxiliary vessels as shown in the building program of the general board. We are confronted by a condition in respect to the navies of the world which requires us, if we would maintain our Navy as an insurance of peace, to augment our naval force by at least two battleships a year and by battle cruisers, gunboats, torpedo destroyers, and submarine boats in a proper proportion. We have no desire for war. We would go as far as any nation in the world to avoid war, but we are a world power. Our population, our wealth, our definite policies, our responsibilities in the Pacific and the Atlantic, our defense of the Panama Canal, together with our enormous world trade and our missionary outposts on the frontiers of civilization, require us to recognize our position as one of the foremost in the family of nations, and to clothe ourselves with sufficient naval power to give force to our reasonable demands, and to give weight to our influence in those directions of progress that a powerful Christian nation should advocate.

I observe that the Secretary of the Navy devotes some space to a change in the disciplinary system in vogue in that branch of the service. I think there is nothing quite so unsatisfactory to either the Army or the Navy as the severe punishments necessarily inflicted by court-martial for desertions and purely military offenses, and I am glad to hear that the British have solved this important and difficult matter in a satisfactory way. I commend to the consideration of Congress the details of the new disciplinary system, and recommend that laws be passed putting the same into force both in the Army and the Navy.

I invite the attention of Congress to that part of the report of the Secretary of the Navy in which he recommends the formation of a naval reserve by the organization of the ex-sailors of the Navy.

I repeat my recommendation made last year that proper provision should be made for the rank of the commander in chief of the squadrons and fleets of the Navy. The inconvenience attending

the necessary precedence that most foreign admirals have over our own whenever they meet in official functions ought to be avoided. It impairs the prestige of our Navy and is a defect that can be very easily removed.

DEPARTMENT OF JUSTICE

This department has been very active in the enforcement of the law. It has been better organized and with a larger force than ever before in the history of the Government. The prosecutions which have been successfully concluded and which are now pending testify to the effectiveness of the departmental work.

The prosecution of trusts under the Sherman antitrust law has gone on without restraint or diminution, and decrees similar to those entered in the Standard Oil and the Tobacco cases have been entered in other suits, like the suits against the Powder Trust and the Bath-tub Trust. I am very strongly convinced that a steady, consistent course in this regard, with a continuing of Supreme Court decisions upon new phases of the trust question not already finally decided is going to offer a solution of this much-discussed and troublesome issue in a quiet, calm, and judicial way, without any radical legislation changing the governmental policy in regard to combinations now denounced by the Sherman antitrust law. I have already recommended as an aid in this matter legislation which would declare unlawful certain well-known phases of unfair competition in interstate trade, and I have also advocated voluntary national incorporation for the larger industrial enterprises, with provision for a closer supervision by the Bureau of Corporations, or a board appointed for the purpose, so as to make more certain compliance with the antitrust law on the one hand and to give greater security to the stockholders against possible prosecutions on the other. I believe, however, that the orderly course of litigation in the courts and the regular prosecution of trusts charged with the violation of the antitrust law is producing among business men a clearer and clearer perception of the line of distinction between business that is to be encouraged and business that is to be condemned, and that in this quiet way the question of trusts can be settled and competition retained as an economic force to secure reasonableness in prices and freedom and independence in trade.

REFORM OF COURT PROCEDURE

I am glad to bring to the attention of Congress the fact that the Supreme Court has radically altered the equity rules governing the procedure on the equity side of all Federal courts, and though, as these changes have not been yet put in practice so as to enable us to state from actual results what the reform will accomplish, they

are of such a character that we can reasonably prophesy that they will greatly reduce the time and cost of litigation in such courts. The court has adopted many of the shorter methods of the present English procedure, and while it may take a little while for the profession to accustom itself to these methods, it is certain greatly to facilitate litigation. The action of the Supreme Court has been so drastic and so full of appreciation of the necessity for a great reform in court procedure that I have no hesitation in following up this action with a recommendation which I foreshadowed in my message of three years ago, that the sections of the statute governing the procedure in the Federal courts on the common-law side should be so amended as to give to the Supreme Court the same right to make rules of procedure in common law as they have, since the beginning of the court, exercised in equity. I do not doubt that a full consideration of the subject will enable the court while giving effect to the substantial differences in right and remedy between the system of common law and the system of equity so to unite the two procedures into the form of one civil action and to shorten the procedure in such civil action as to furnish a model to all the State courts exercising concurrent jurisdiction with the Federal courts of first instance.

Under the statute now in force the common-law procedure in each Federal court is made to conform to the procedure in the State in which the court is held. In these days, when we should be making progress in court procedure, such a conformity statute makes the Federal method too dependent upon the action of State legislatures. I can but think it a great opportunity for Congress to intrust to the highest tribunal in this country, evidently imbued with a strong spirit in favor of a reform of procedure, the power to frame a model code of procedure, which, while preserving all that is valuable and necessary of the rights and remedies at common law and in equity, shall lessen the burden of the poor litigant to a minimum in the expedition and cheapness with which his cause can be fought or defended through Federal courts to final judgment.

WORKMAN'S COMPENSATION ACT

The workman's compensation act reported by the special commission appointed by Congress and the Executive, which passed the Senate and is now pending in the House, the passage of which I have in previous messages urged upon Congress, I venture again to call to its attention. The opposition to it which developed in the Senate, but which was overcome by a majority in that body, seemed to me to grow out rather of a misapprehension of its effect than of opposition to its principle. I say again that I think no act can have a

better effect directly upon the relations between the employer and employee than this act applying to railroads and common carriers of an interstate character, and I am sure that the passage of the act would greatly relieve the courts of the heaviest burden of litigation that they have, and would enable them to dispatch other business with a speed never before attained in courts of justice in this country.

WM. H. TAFT.

ANNUAL MESSAGE—Part III.

[Concerning the Work of the Departments of the Post Office, Interior, Agriculture, and Commerce and Labor and District of Columbia.]

THE WHITE HOUSE, *December 19, 1912.*

To the Senate and House of Representatives:

This is the third of a series of messages in which I have brought to the attention of the Congress the important transactions of the Government in each of its departments during the last year and have discussed needed reforms.

HEADS OF DEPARTMENTS SHOULD HAVE SEATS ON THE FLOOR OF CONGRESS

I recommend the adoption of legislation which shall make it the duty of heads of departments—the members of the President's Cabinet—at convenient times to attend the session of the House and the Senate, which shall provide seats for them in each House, and give them the opportunity to take part in all discussions and to answer questions of which they have had due notice. The rigid holding apart of the executive and the legislative branches of this Government has not worked for the great advantage of either. There has been much lost motion in the machinery, due to the lack of cooperation and interchange of views face to face between the representatives of the Executive and the Members of the two legislative branches of the Government. It was never intended that they should be separated in the sense of not being in constant effective touch and relationship to each other. The legislative and the executive each performs its own appropriate function, but these functions must be coordinated. Time and time again debates have arisen in each House upon issues which the information of a particular department head would have enabled him, if present, to end at once by a simple explanation or statement. Time and time again a forceful and earnest presentation of facts and arguments by the representative of the Executive whose duty it is to enforce the law would have brought about a useful reform by amendment, which in the absence of such a statement has

failed of passage. I do not think I am mistaken in saying that the presence of the members of the Cabinet on the floor of each House would greatly contribute to the enactment of beneficial legislation. Nor would this in any degree deprive either the legislative or the executive of the independence which separation of the two branches has been intended to promote. It would only facilitate their co-operation in the public interest.

On the other hand, I am sure that the necessity and duty imposed upon department heads of appearing in each House and in answer to searching questions, of rendering upon their feet an account of what they have done, or what has been done by the administration, will spur each member of the Cabinet to closer attention to the details of his department, to greater familiarity with its needs, and to greater care to avoid the just criticism which the answers brought out in questions put and discussions arising between the Members of either House and the members of the Cabinet may properly evoke.

Objection is made that the members of the administration having no vote could exercise no power on the floor of the House, and could not assume that attitude of authority and control which the English parliamentary Government have and which enables them to meet the responsibilities the English system thrusts upon them. I agree that in certain respects it would be more satisfactory if members of the Cabinet could at the same time be Members of both Houses, with voting power, but this is impossible under our system; and while a lack of this feature may detract from the influence of the department chiefs, it will not prevent the good results which I have described above both in the matter of legislation and in the matter of administration. The enactment of such a law would be quite within the power of Congress without constitutional amendment, and it has such possibilities of usefulness that we might well make the experiment, and if we are disappointed the misstep can be easily retraced by a repeal of the enabling legislation.

This is not a new proposition. In the House of Representatives, in the Thirty-eighth Congress, the proposition was referred to a select committee of seven Members. The committee made an extensive report, and urged the adoption of the reform. The report showed that our history had not been without illustration of the necessity and the examples of the practice by pointing out that in early days Secretaries were repeatedly called to the presence of either House for consultation, advice, and information. It also referred to remarks of Mr. Justice Story in his Commentaries on the Constitution, in which he urgently presented the wisdom of such a change. This report is to be found in Volume I of the Reports of Committees of the First Session of the Thirty-eighth Congress, April 6, 1864.

Again, on February 4, 1881, a select committee of the Senate recommended the passage of a similar bill, and made a report, in which, while approving the separation of the three branches, the executive, legislative, and judicial, they point out as a reason for the proposed change that, although having a separate existence, the branches are "to cooperate, each with the other, as the different members of the human body must cooperate, with each other in order to form the figure and perform the duties of a perfect man."

The report concluded as follows:

> This system will require the selection of the strongest men to be heads of departments and will require them to be well equipped with the knowledge of their offices. It will also require the strongest men to be the leaders of Congress and participate in debate. It will bring these strong men in contact, perhaps into conflict, to advance the public weal, and thus stimulate their abilities and their efforts, and will thus assuredly result to the good of the country.
>
> If it should appear by actual experience that the heads of departments in fact have not time to perform the additional duty imposed on them by this bill, the force in their offices should be increased or the duties devolving on them personally should be diminished. An undersecretary should be appointed to whom could be confided that routine of administration which requires only order and accuracy. The principal officers could then confine their attention to those duties which require wise discretion and intellectual activity. Thus they would have abundance of time for their duties under this bill. Indeed, your committee believes that the public interest would be subserved if the Secretaries were relieved of the harassing cares of distributing clerkships and closely supervising the mere machinery of the departments. Your committee believes that the adoption of this bill and the effective execution of its provisions will be the first step toward a sound civil-service reform which will secure a larger wisdom in the adoption of policies and a better system in their execution.
>
> (Signed) Geo. H. Pendleton.
> W. B. Allison.
> D. W. Voorhees.
> J. G. Blaine.
> M. C. Butler.
> John J. Ingalls.
> O. H. Platt.
> J. T. Farley.

It would be difficult to mention the names of higher authority in the practical knowledge of our Government than those which are appended to this report.

POSTAL SAVINGS BANK SYSTEM

The Postal Savings Bank System has been extended so that it now includes 4,004 fourth-class post offices, as well as 645 branch offices and stations in the larger cities. There are now 12,812 depositories at which patrons of the system may open accounts. The number of depositors is 300,000 and the amount of their deposits is approximately $28,000,000, not including $1,314,140 which has been with-

drawn by depositors for the purpose of buying postal savings bonds. Experience demonstrates the value of dispensing with the pass-book and introducing in its place a certificate of deposit. The gross income of the postal savings system for the fiscal year ending June 30, 1913, will amount to $700,000 and the interest payable to depositors to $300,000. The cost of supplies, equipment, and salaries is $700,000. It thus appears that the system lacks $300,000 a year of paying interest and expenses. It is estimated, however, that when the deposits have reached the sum of $50,000,000, which at the present rate they soon will do, the system will be self-sustaining. By law the postal savings funds deposited at each post office are required to be redeposited in local banks. State and national banks to the number of 7,357 have qualified as depositories for these funds. Such deposits are secured by bonds aggregating $54,000,000. Of this amount, $37,000,000 represent municipal bonds.

PARCEL POST

In several messages I have favored and recommended the adoption of a system of parcel post. In the postal appropriation act of last year a general system was provided and its installation was directed by the 1st of January. This has entailed upon the Post Office Department a great deal of very heavy labor, but the Postmaster General informs me that on the date selected, to wit, the 1st of January, near at hand, the department will be in readiness to meet successfully the requirements of the public.

CLASSIFICATION OF POSTMASTERS

A trial, during the past three years, of the system of classifying fourth-class postmasters in that part of the country lying between the Mississippi River on the west, Canada on the north, the Atlantic Ocean on the east, and Mason and Dixon's line on the south has been sufficiently satisfactory to justify the postal authorities in recommending the extension of the order to include all the fourth-class postmasters in the country. In September, 1912, upon the suggestion of the Postmaster General, I directed him to prepare an order which should put the system in effect, except in Alaska, Guam, Hawaii, Porto Rico, and Samoa. Under date of October 15 I issued such an order which affected 36,000 postmasters. By the order the post offices were divided into groups A and B. Group A includes all postmasters whose compensation is $500 or more, and group B those whose compensation is less than that sum. Different methods are pursued in the selection of the postmasters for group A and group B. Criticism has been made of this order on the ground that the motive for it was political. Nothing could be further from the truth.

The order was made before the election and in the interest of efficient public service. I have several times requested Congress to give me authority to put first-, second-, and third-class postmasters, and all other local officers, including internal-revenue officers, customs officers, United States marshals, and the local agents of the other departments under the classification of the civil-service law by taking away the necessity for confirming such appointments by the Senate. I deeply regret the failure of Congress to follow these recommendations. The change would have taken out of politics practically every local officer and would have entirely cured the evils growing out of what under the present law must always remain a remnant of the spoils system.

COMPENSATION TO RAILWAYS FOR CARRYING MAILS

It is expected that the establishment of a parcel post on January 1st will largely increase the amount of mail matter to be transported by the railways, and Congress should be prompt to provide a way by which they may receive the additional compensation to which they will be entitled. The Postmaster General urges that the department's plan for a complete readjustment of the system of paying the railways for carrying the mails be adopted, substituting space for weight as the principal factor in fixing compensation. Under this plan it will be possible to determine without delay what additional payment should be made on account of the parcel post. The Postmaster General's recommendation is based on the results of a far-reaching investigation begun early in the administration with the object of determining what it costs the railways to carry the mails. The statistics obtained during the course of the inquiry show that while many of the railways, and particularly the large systems, were making profits from mail transportations, certain of the lines were actually carrying the mails at a loss. As a result of the investigation the department, after giving the subject careful consideration, decided to urge the abandonment of the present plan of fixing compensation on the basis of the weight of the mails carried, a plan that has proved to be exceedingly expensive and in other respects unsatisfactory. Under the method proposed the railway companies will annually submit to the department reports showing what it costs them to carry the mails, and this cost will be apportioned on the basis of the car space engaged, payment to be allowed at the rate thus determined in amounts that will cover the cost and a reasonable profit. If a railway is not satisfied with the manner in which the department apportions the cost in fixing compensation, it is to have the right, under the new plan, of appealing to the Interstate Commerce Commission. This feature of the proposed law would seem to in-

sure a fair treatment of the railways. It is hoped that Congress will give the matter immediate attention and that the method of compensation recommended by the department or some other suitable plan will be promptly authorized.

DEPARTMENT OF THE INTERIOR

The Interior Department, in the problems of administration included within its jurisdiction, presents more difficult questions than any other. This has been due perhaps to temporary causes of a political character, but more especially to the inherent difficulty in the performance of some of the functions which are assigned to it. Its chief duty is the guardianship of the public domain and the disposition of that domain to private ownership under homestead, mining, and other laws, by which patents from the Government to the individual are authorized on certain conditions. During the last decade the public seemed to become suddenly aware that a very large part of its domain had passed from its control into private ownership, under laws not well adapted to modern conditions, and also that in the doing of this the provisions of existing law and regulations adopted in accordance with law had not been strictly observed, and that in the transfer of title much fraud had intervened, to the pecuniary benefit of dishonest persons. There arose thereupon a demand for conservation of the public domain, its protection against fraudulent diminution, and the preservation of that part of it from private acquisition which it seemed necessary to keep for future public use. The movement, excellent in the intention which prompted it, and useful in its results, has nevertheless had some bad effects, which the western country has recently been feeling and in respect of which there is danger of a reaction toward older abuses unless we can attain the golden mean, which consists in the prevention of the mere exploitation of the public domain for private purposes while at the same time facilitating its development for the benefit of the local public.

The land laws need complete revision to secure proper conservation on the one hand of land that ought to be kept in public use and, on the other hand, prompt disposition of those lands which ought to be disposed in private ownership or turned over to private use by properly guarded leases. In addition to this there are not enough officials in our Land Department with legal knowledge sufficient promptly to make the decisions which are called for. The whole land-laws system should be reorganized, and not until it is reorganized, will decisions be made as promptly as they ought, or will men who have earned title to public land under the statute receive their patents within a reasonably short period. The present administration has done what it could in this regard, but the necessity for

reform and change by a revision of the laws and an increase and reorganization of the force remains, and I submit to Congress the wisdom of a full examination of this subject, in order that a very large and important part of our people in the West may be relieved from a just cause of irritation.

I invite your attention to the discussion by the Secretary of the Interior of the need for legislation with respect to mining claims, leases of coal lands in this country and in Alaska, and for similar disposition of oil, phosphate, and potash lands, and also to his discussion of the proper use to be made of water-power sites held by the Government. Many of these lands are now being withheld from use by the public under the general withdrawal act which was passed by the last Congress. That act was not for the purpose of disposing of the question, but it was for the purpose of preserving the lands until the question could be solved. I earnestly urge that the matter is of the highest importance to our western fellow citizens and ought to command the immediate attention of the legislative branch of the Government.

Another function which the Interior Department has to perform is that of the guardianship of Indians. In spite of everything which has been said in criticism of the policy of our Government toward the Indians, the amount of wealth which is now held by it for these wards per capita shows that the Government has been generous; but the management of so large an estate, with the great variety of circumstances that surround each tribe and each case, calls for the exercise of the highest business discretion, and the machinery provided in the Indian Bureau for the discharge of this function is entirely inadequate. The position of Indian commissioner demands the exercise of business ability of the first order, and it is difficult to secure such talent for the salary provided.

The condition of health of the Indian and the prevalence in the tribes of curable diseases has been exploited recently in the press. In a message to Congress at its last session I brought this subject to its attention and invited a special appropriation, in order that our facilities for overcoming diseases among the Indians might be properly increased, but no action was then taken by Congress on the subject, nor has such appropriation been made since.

The commission appointed by authority of the Congress to report on proper method of securing railroad development in Alaska is formulating its report, and I expect to have an opportunity before the end of this session to submit its recommendations.

DEPARTMENT OF AGRICULTURE

The far-reaching utility of the educational system carried on by the Department of Agriculture for the benefit of the farmers of our country calls for no elaboration. Each year there is a growth in the variety of facts which it brings out for the benefit of the farmer, and each year confirms the wisdom of the expenditure of the appropriations made for that department.

PURE-FOOD LAW

The Department of Agriculture is charged with the execution of the pure-food law. The passage of this encountered much opposition from manufacturers and others who feared the effect upon their business of the enforcement of its provisions. The opposition aroused the just indignation of the public, and led to an intense sympathy with the severe and rigid enforcement of the provisions of the new law. It had to deal in many instances with the question whether or not products of large business enterprises, in the form of food preparations, were deleterious to the public health; and while in a great majority of instances this issue was easily determinable, there were not a few cases in which it was hard to draw the line between a useful and a harmful food preparation. In cases like this when a decision involved the destruction of great business enterprises representing the investment of large capital and the expenditure of great energy and ability, the danger of serious injustice was very considerable in the enforcement of a new law under the spur of great public indignation. The public officials charged with executing the law might do injustice in heated controversy through unconscious pride of opinion and obstinacy of conclusion. For this reason President Roosevelt felt justified in creating a board of experts, known as the Remsen Board, to whom in cases of much importance an appeal might be taken and a review had of a decision of the Bureau of Chemistry in the Agricultural Department. I heartily agree that it was wise to create this board in order that injustice might not be done. The questions which arise are not generally those involving palpable injury to health, but they are upon the narrow and doubtful line in respect of which it is better to be in some error not dangerous than to be radically destructive. I think that the time has come for Congress to recognize the necessity for some such tribunal of appeal and to make specific statutory provision for it. While we are struggling to suppress an evil of great proportions like that of impure food, we must provide machinery in the law itself to prevent its becoming an instrument of oppression, and we ought to enable those whose business is threatened with annihilation to have some tribunal and some form of appeal in which they have a complete day in court.

AGRICULTURAL CREDITS

I referred in my first message to the question of improving the system of agricultural credits. The Secretary of Agriculture has made an investigation into the matter of credits in this country, and I commend a consideration of the information which through his agents he has been able to collect. It does not in any way minimize the importance of the proposal, but it gives more accurate information upon some of the phases of the question than we have heretofore had.

DEPARTMENT OF COMMERCE AND LABOR

I commend to Congress an examination of the report of the Secretary of Commerce and Labor, and especially that part in which he discusses the office of the Bureau of Corporations, the value to commerce of a proposed trade commission, and the steps which he has taken to secure the organization of a national chamber of commerce. I heartily commend his view that the plan of a trade commission which looks to the fixing of prices is altogether impractical and ought not for a moment to be considered as a possible solution of the trust question.

The trust question in the enforcement of the Sherman antitrust law is gradually solving itself, is maintaining the principle and restoring the practice of competition, and if the law is quietly but firmly enforced, business will adjust itself to the statutory requirements, and the unrest in commercial circles provoked by the trust discussion will disappear.

PANAMA-PACIFIC INTERNATIONAL EXPOSITION

In conformity with a joint resolution of Congress, an Executive proclamation was issued last February, inviting the nations of the world to participate in the Panama-Pacific International Exposition to be held at San Francisco to celebrate the construction of the Panama Canal. A sympathetic response was immediately forthcoming, and several nations have already selected the sites for their buildings. In furtherance of my invitation, a special commission visited European countries during the past summer, and received assurance of hearty cooperation in the task of bringing together a universal industrial, military, and naval display on an unprecedented scale. It is evident that the exposition will be an accurate mirror of the world's activities as they appear 400 years after the date of the discovery of the Pacific Ocean.

It is the duty of the United States to make the nations welcome at San Francisco and to facilitate such acquaintance between them and ourselves as will promote the expansion of commerce and familiarize the world with the new trade route through the Panama Canal. The action of the State governments and individuals assures a com-

prehensive exhibit of the resources of this country and of the progress of the people. This participation by State and individuals should be supplemented by an adequate showing of the varied and unique activities of the National Government. The United States can not with good grace invite foreign governments to erect buildings and make expensive exhibits while itself refusing to participate. Nor would it be wise to forego the opportunity to join with other nations in the inspiring interchange of ideas tending to promote intercourse, friendship, and commerce. It is the duty of the Government to foster and build up commerce through the canal, just as it was the duty of the Government to construct it.

I earnestly recommend the appropriation at this session of such a sum as will enable the United States to construct a suitable building, install a governmental exhibit, and otherwise participate in the Panama-Pacific International Exposition in a manner commensurate with the dignity of a nation whose guests are to be the people of the world. I recommend also such legislation as will facilitate the entry of material intended for exhibition and protect foreign exhibitors against infringement of patents and the unauthorized copying of patterns and designs. All aliens sent to San Francisco to construct and care for foreign buildings and exhibits should be admitted without restraint or embarrassment.

THE DISTRICT OF COLUMBIA AND THE CITY OF WASHINGTON

The city of Washington is a beautiful city, with a population of 352,936, of whom 98,667 are colored. The annual municipal budget is about $14,000,000. The presence of the National Capital and other governmental structures constitutes the chief beauty and interest of the city. The public grounds are extensive, and the opportunities for improving the city and making it still more attractive are very great. Under a plan adopted some years ago, one half the cost of running the city is paid by taxation upon the property, real and personal, of the citizens and residents, and the other half is borne by the General Government. The city is expanding at a remarkable rate, and this can only be accounted for by the coming here from other parts of the country of well-to-do people who, having finished their business careers elsewhere, build and make this their permanent place of residence.

On the whole, the city as a municipality is very well governed. It is well lighted, the water supply is good, the streets are well paved, the police force is well disciplined, crime is not flagrant, and while it has purlieus and centers of vice, like other large cities, they are not exploited, they do not exercise any influence or control in the government of the city, and they are suppressed in as far as it has been

found practicable. Municipal graft is inconsiderable. There are interior courts in the city that are noisome and centers of disease and the refuge of criminals, but Congress has begun to clean these out, and progress has been made in the case of the most notorious of these, which is known as "Willow Tree Alley." This movement should continue.

The mortality for the past year was at the rate of 17.80 per 1,000 of both races; among the whites it was 14.61 per thousand, and among the blacks 26.12 per thousand. These are the lowest mortality rates ever recorded in the District.

One of the most crying needs in the government of the District is a tribunal or public authority for the purpose of supervising the corporations engaged in the operation of public utilities. Such a bill is pending in Congress and ought to pass. Washington should show itself under the direction of Congress to be a city with a model form of government, but as long as such authority over public utilities is withheld from the municipal government, it must always be defective.

Without undue criticism of the present street railway accommodations, it can be truly said that under the spur of a public utilities commission they might be substantially improved.

While the school system of Washington perhaps might be bettered in the economy of its management and the distribution of its buildings, its usefulness has nevertheless greatly increased in recent years, and it now offers excellent facilities for primary and secondary education.

From time to time there is considerable agitation in Washington in favor of granting the citizens of the city the franchise and constituting an elective government. I am strongly opposed to this change. The history of Washington discloses a number of experiments of this kind, which have always been abandoned as unsatisfactory. The truth is this is a city governed by a popular body, to wit, the Congress of the United States, selected from the people of the United States, who own Washington. The people who come here to live do so with the knowledge of the origin of the city and the restrictions, and therefore voluntarily give up the privilege of living in a municipality governed by popular vote. Washington is so unique in its origin and in its use for housing and localizing the sovereignty of the Nation that the people who live here must regard its peculiar character and must be content to subject themselves to the control of a body selected by all the people of the Nation. I agree that there are certain inconveniences growing out of the government of a city by a national legislature like Congress, and it would perhaps be possible to lessen these by the delegation by Congress to the District Commis-

sioners of greater legislative power for the enactment of local laws than they now possess, especially those of a police character.

Every loyal American has a personal pride in the beauty of Washington and in its development and growth. There is no one with a proper appreciation of our Capital City who would favor a niggardly policy in respect to expenditures from the National Treasury to add to the attractiveness of this city, which belongs to every citizen of the entire country, and which no citizen visits without a sense of pride of ownership. We have had restored by a Commission of Fine Arts, at the instance of a committee of the Senate, the original plan of the French engineer L'Enfant for the city of Washington, and we know with great certainty the course which the improvement of Washington should take. Why should there be delay in making this improvement in so far as it involves the extension of the parking system and the construction of greatly needed public buildings? Appropriate buildings for the State Department, the Department of Justice, and the Department of Commerce and Labor have been projected, plans have been approved, and nothing is wanting but the appropriations for the beginning and completion of the structures. A hall of archives is also badly needed, but nothing has been done toward its construction, although the land for it has long been bought and paid for. Plans have been made for the union of Potomac Park with the valley of Rock Creek and Rock Creek Park, and the necessity for the connection between the Soldiers' Home and Rock Creek Park calls for no comment. I ask again why there should be delay in carrying out these plans We have the money in the Treasury, the plans are national in their scope, and the improvement should be treated as a national project. The plan will find a hearty approval throughout the country. I am quite sure, from the information which I have, that, at comparatively small expense, from that part of the District of Columbia which was retroceded to Virginia, the portion including the Arlington estate, Fort Myer, and the palisades of the Potomac can be acquired by purchase and the jurisdiction of the State of Virginia over this land ceded to the Nation. This ought to be done.

The construction of the Lincoln Memorial and of a memorial bridge from the base of the Lincoln Monument to Arlington would be an appropriate and symbolic expression of the union of the North and the South at the Capital of the Nation. I urge upon Congress the appointment of a commission to undertake these national improvements, and to submit a plan for their execution; and when the plan has been submitted and approved, and the work carried out, Washington will really become what it ought to be—the most beautiful city in the world.

WM. H. TAFT.

SPECIAL MESSAGE.

[On Fur Seals.]

THE WHITE HOUSE, *January 8, 1913.*

To the Senate and House of Representatives:

At the last session of Congress an act was adopted to give effect to the fur-seal treaty of July 7, 1911, between Great Britain, Japan, Russia, and the United States, in which act was incorporated a provision establishing a five-year period during which the killing of seals upon the Pribilof Islands is prohibited. Prior to the passage of this act, I pointed out in my message to Congress, on August 14 last, the inadvisability of adopting legislation the effect of which was to require this Government to suspend the killing of surplus male seals on land before it was actually proved by the test of experience and scientific investigation that such suspension of killing was necessary for the protection and preservation of the seal herd. I also pointed out in that message that the other Governments interested might justly complain if this Government by prohibiting all land killing should deprive them of their expected share of the skins taken on land, unless we can show by satisfactory evidence that this course was adopted as the result of changed conditions justifying a change in our previous attitude on the subject. As was then anticipated, the other parties interested have now objected to the suspension thus imposed on the ground that it is contrary to the spirit, if not the letter, of the treaty, inasmuch as under existing conditions a substantial number of male seals not required for breeding purposes can be killed annually without detriment to the reproductive capacity of the herd. The same objection was raised by the other Governments interested under this convention while the bill was awaiting my signature, after its passage by Congress, but I refrained from vetoing it because at that time several thousand sealskins had already been taken on the islands and were ready for distribution in accordance with the requirements of the treaty, so that the suspension of land killing would not actually become effective until the following year, and I was satisfied that the information resulting from a study of the condition of the herd during the past summer would put this Government in possession of facts which would either lead to the amendment of the act at this session of Congress, or enable this Government to justify a temporary suspension of land killing; and apart from this particular provision, the act was needed to give effect to our treaty obligations.

It now appears that under the operation of the fur-seal convention during the past year the condition and size of the herd has improved to an extent which seems to indicate that there is now no necessity, and therefore no justification, for the suspension of all land killing of male seals, as required by the act under consideration.

Last season's reports from the officials in charge on the Pribilof Islands show that the herd which the year before contained at the highest estimate not more than 140,000 seals, now numbers upward of 215,000 by actual count, showing in one season an increase of at least 75,000 seals. This increase is largely due to the protection afforded by the treaty to the breeding female seals, which last summer numbered nearly 82,000, many thousands of which, except for the treaty, would have been slaughtered by pelagic sealers, and as every breeding female adds one pup to the herd each year, over 81,000 new pups were added last season. Moreover, instead of losing 10,000 or 15,000 of these pups through starvation as heretofore on account of the slaughter of the nursing mothers by pelagic sealers, this summer by actual count the number of dead pups found on the rookeries was only 1,060.

It is evident from these reports that there has been a very remarkable increase in the size of the herd in one season under the operation of this convention and that a large part of this increase consists of female seals, upon which the future increase of the herd depends.

The present condition of the herd shows that there will be about 100,000 breeding female seals in the herd next summer, each one of which will produce one pup, and in the following year the female pups born last summer, amounting in accordance with the laws of nature to one-half of the total number of the year's pups, will pass into the breeding class, subject to losses from natural mortality, thus adding a possible 40,000 more, which would bring the total up in the neighborhood of 140,000 breeding female seals; and so on from year to year the reproductive strength of the herd will increase in almost geometrical progression, so that we can confidently count on having the present size of the herd doubled and trebled within a very short period.

All that is required to fulfill these expectations is to protect absolutely the female seals and set aside an adequate number of male seals for breeding purposes. The protection and preservation of the herd does not require the protection and preservation of the surplus male seals not needed for breeding purposes. Owing to the polygamous habits of the seals, the increase in the number of these surplus bachelor seals can in no conceivable way increase the birth rate or the reproductive capacity of the herd. Seals of this class

contribute nothing to the welfare of the herd, and in some ways they are a distinct detriment as a disturbing element on the rookeries and as consumers of food, which is bound to become scarcer as the size of the herd increases. These nonbreeding males, therefore, are of no value as members of the herd except to furnish skins for the market in place of those heretofore taken by pelagic sealers, and in this connection it should be noted that the value of their skins for commercial purposes diminishes after they are 4 years old and ceases altogether after the age of 5 or 6.

It is right and necessary that the killing of all seals in the herd other than the nonbreeding males should be absolutely prohibited not only for five years but forever. Land killing has been and always must be strictly limited by law to male seals, so that female seals would never be included in land killing in any event. Pelagic sealing, on the other hand, always has been chiefly directed against female seals, thus diminishing the size of the herd not merely by the number actually killed each year but also by an equal number of nursing pups killed by starvation and by the loss of the countless number of unborn pups which would have been added to the herd the following year and in succeeding years. Pelagic sealing has now been stopped, but it must be remembered that the United States alone was powerless to stop it. An international agreement was necessary for that purpose, and has at last been secured after difficult and protracted negotiations resulting in the present convention with Great Britain, Japan, and Russia, who have now joined with us in prohibiting pelagic sealing, and whose cooperation is necessary to make that prohibition effective. To secure such an agreement has been the aim of the United States throughout the entire period covered by the fur-seal controversy, and from the point of view of the United States this prohibition against pelagic sealing is the most important feature of the present convention. In order, however, to secure its adoption by Great Britain and Japan it was necessary for the United States to agree to give each of them a share of the proceeds of the annual increase of the American herd with the assurance, as an inducement, that a large annual increase available for commercial purposes would result from the abandonment of pelagic sealing. As stated in my former message to Congress on this subject—

"Ever since the question of land killing of seals was subjected to scientific investigation, soon after the fur-seal controversy arose, nearly 25 years ago, this Government has invariably insisted throughout the protracted and almost continuous diplomatic negotiations which have ensued for the settlement of this controversy that the progressive diminution of the herd was due to the killing of seals

at sea, and that if pelagic sealing was discontinued the polygamous habits of the seals would make it possible to kill annually on land a large number of surplus males without detriment to the reproductive capacity of the herd and without interfering with the normal growth of the size of the herd. The position thus taken by the United States has always been put forward and relied on by the United States in urging that an international agreement should be entered into prohibiting pelagic sealing; and it is obvious that one of the considerations which induced Great Britain and Japan to enter into this convention prohibiting their subjects from pelagic sealing was the expectation that the position thus taken by the United States was well founded and that the skins falling to the share of those Governments from the land killing of seals, as provided for in this convention, would compensate them for abandoning the taking of sealskins at sea."

It was well understood by all the parties in entering into this convention that the result aimed at was to increase the annual reproductive capacity of the herd so that a larger number of sealskins might be taken each year for commercial purposes without injury to the welfare of the herd.

It is evident from these considerations that the United States is in honor bound under this convention to permit the killing annually for commercial purposes of male seals not required as a reserve for breeding before they have passed beyond the age when their skins cease to have a commercial value.

The question of how many male seals should be reserved each year for breeding purposes can readily be determined. In the act under consideration, as it passed the House and before it was amended in the Senate, there was a provision that hereafter only 3-year-old males shall be killed, and that there shall be reserved from among the finest and most perfect seals of that age not fewer than 2,000 in 1913, 2,500 in 1914, 3,000 in 1915, 3,500 in 1916, and 4,000 each year from 1917 to 1921, inclusive, and 5,000 each year thereafter during the continuance of the convention. These figures were arrived at after full and careful investigation by the House Committee on Foreign Affairs and it appears from the committee reports accompanying this act that these figures were intended to be and were regarded as large enough to be on the safe side. It would be more appropriate and convenient to leave the decision of this question to the Secretary of Commerce and Labor, subject to the limitation, which might properly be imposed, that each year before any commercial killing is done there should be marked and set aside or reserved from among the finest and best of the males of 3 years of age such number as is necessary, in his judgment, to

provide an ample breeding reserve of males. In any event it is evident that the determination of the number of male seals to be reserved each year for this purpose will present no difficulty; and in this connection it should be noted, as stated in my former message on this subject, that—

"since the fur-seal business has been taken over by the Government and no private interests are now concerned in making a profit out of it, there is no urgent necessity for imposing by legislation stringent limitations upon land killing."

The only provision in the convention authorizing the United States to limit or suspend land killing is the reservation in Article X that nothing therein contained shall restrict the right of the United States at any time and from time to time to suspend altogether the taking of sealskins on its islands and to impose such restrictions and regulations upon the total number of skins to be taken in any season, and the manner and times and places of taking them, "as may be necessary to protect and preserve the seal herd or increase its number." It is clear from the terms of the convention that the right thus reserved to the United States to regulate or suspend land killing is not an arbitrary right, but can be exercised only when necessary to protect or preserve or increase the herd. It is also clear that this provision must be read in connection with the main purpose of the convention, and that the right reserved should be exercised in aid of that purpose. It has already been shown that the result aimed at by this convention was to increase the annual reproductive capacity of the herd, so that a larger number of sealskins might be taken each year for commercial purposes without injury to the welfare of the herd. It follows, therefore, that when a limitation or suspension of land killing would interfere with, rather than promote, this purpose of the convention there would then be not only no necessity but no justification for such limitation or suspension.

The argument has been advanced that in addition to the right thus reserved the convention recognized an absolute right in the United States arbitrarily to suspend all land killing, because, according to this argument, another clause of the convention fixes a measure of damages to be paid each year to the other parties whenever the United States prohibits all land killing. The clause referred to is found in Article XI, which provides that in case the United States shall absolutely prohibit all land killing of seals, then it shall pay to Great Britain and Japan each the sum of $10,000 annually in lieu of their share of skins during the years when no killing is allowed. It is evident, however, from an examination of the other provisions of the same clause of the convention that these $10,000 payments can not be, and were not intended to be, regarded as a measure of dam-

ages, because Great Britain and Japan are required to repay them to the United States with interest at 4 per cent out of the proceeds of their share of the skins taken whenever land killing is resumed. A payment which is subsequently to be refunded clearly is not a measure of damages. Moreover, even if this provision could be regarded as fixing a measure of damages, that in itself would not justify the United States in arbitrarily imposing those damages upon Great Britain and Japan. These provisions requiring the $10,000 payments to be made when land killing is suspended and to be refunded when killing is resumed clearly have an ulterior purpose; otherwise they are wholly unnecessary, for the same result would have been accomplished with much greater simplicity by omitting them altogether. The ulterior purpose becomes perfectly clear when we consider that under the laws in force when the treaty was made it was within the power of the Secretary of Commerce and Labor to suspend land killing altogether whenever in his opinion the welfare of the herd required such action. The evident purpose, therefore, of this requirement for making substantial payments when land killing was suspended, was to prevent the suspension of land killing by executive action unless Congress was prepared to appropriate the money necessary for making such payments. It was undoubtedly assumed that the necessity for adopting legislation appropriating the money to make these payments would lead to a careful investigation of whether or not the actual condition of the herd warranted a total suspension of land killing, and that the appropriation would not be made unless the investigation produced satisfactory evidence that such suspension of killing was absolutely necessary within the requirements of the treaty.

In view of the present condition of the herd and the very marked increase in its size and particularly in the number of female seals, which has resulted from the operation of this convention during a single year, and which, as above shown, is to be attributed almost wholly to the protection afforded by the prohibition against pelagic sealing, I recommend to Congress the immediate consideration of whether or not the complete suspension of land killing imposed by this act is now necessary for the protection and preservation of the herd, and for increasing its number within the meaning and for the purposes of the convention. If no actual necessity is found for such suspension then it is not justified under the convention, and the act should be amended accordingly.

As stated in my annual message to Congress in December last, it is important that in case there is any uncertainty as to the real necessity for suspending all land killing, this Government should yield on that point rather than give the slightest ground for the

charge that we have been in any way remiss in observing our treaty obligations. I also wish to impress upon Congress that, as stated in my former message on this subject, it is essential in dealing with it not only to fulfill the obligations imposed upon the United States by the letter and the spirit of the convention, but also to consider the interests of the other parties to the convention, for their cooperation is necessary to make it an effective and permanent settlement of the fur-seal controversy.

WM. H. TAFT.

SPECIAL MESSAGE

[Transmitting Reports of the Commission on Economy and Efficiency.]

THE WHITE HOUSE, *January 8, 1913.*

To the Senate and House of Representatives:

I submit for the information of Congress the report of the commission appointed by me to carry on the work authorized under act of appropriation of June 25, 1910, which made available $100,000—

> To enable the President, by the employment of accountants and experts * * * to more effectively inquire into the methods of transacting the public business * * * with a view of inaugurating new or changing old methods * * * so as to attain greater efficiency and economy therein, and to ascertain and recommend to Congress what changes in law may be necessary to carry into effect such results of his inquiry as can not be carried into effect by Executive action alone.

Pursuant to this authority a preliminary investigation was instituted under the Secretary to the President with a view to determining what ground should be covered and what staff and organization would be required. This preliminary inquiry was carried on until March, 1911, when, at my request, the term of the appropriation was extended to June 30, 1912, and $75,000 was added.

Of this $175,000 made available for the first two years the amount expended for the preliminary inquiry was $12,252.14, leaving $162,747.86 available for the 15 months remaining after March 8, 1911, when the commission was organized. By special message of January 17, 1912, I requested that $250,000 be made available for the current fiscal year. Only $75,000, however, was appropriated, and to this was attached a restriction to the effect that not more than three salaries could be paid in excess of $4,000 per annum, thereby forcing a complete reorganization of the commission. At the same time the Con-

gress by special resolution requested a report from the commission with recommendations on the organization and work of the Patent Office—this to be submitted to Congress not later than December 10, or a little over three months after the resolution was passed. Although $10,000 additional was appropriated for this purpose, it was impossible within the time to organize a special staff which could do such a highly technical piece of work. A further limitation to constructive work has been found in the short period for which funds have been made available. Many of the problems of administration which should be gone into require months of constant attention. The commission has not felt free to undertake work which could not be reported on before the expiration of the appropriation, and the appropriation for the current fiscal year was not passed until August 24, the authority expiring June 30 following. I mention these facts to indicate some of the handicaps under which the commission has labored in prosecuting one of the most difficult, far-reaching, technical inquiries that has ever been undertaken, and one from which economies have already been realized many times greater than the cost.

In planning the work to be done by the commission the first controlling fact was that there was no basis in information for judgment as to what changes should be made or what would be the effect of any recommended change, no matter how simple it might at first appear. As was stated in my message of January 17, 1912, on the subject:

> This vast organization has never been studied in detail as one piece of administrative mechanism. Never have the foundations been laid for a thorough consideration of the relations of all of its parts. No comprehensive effort has been made to list its multifarious activities or to group them in such a way as to present a clear picture of what the Government is doing. Never has a complete description been given of the agencies through which these activities are performed. At no time has the attempt been made to study all of these activities and agencies with a view to the assignment of each activity to the agency best fitted for its performance, to the avoidance of duplication of plant and work, to the integration of all administrative agencies of the Government, so far as may be practicable, into a unified organization for the most effective and economical dispatch of public business.

The only safe course, therefore, was first to obtain accurate knowledge of the vast administrative mechanism of the Government; get a clear notion of what the officers and agents of the Government were doing in all of its departments, bureaus, and subdivisions; find out how each part of the service was organized for performing its activities, what methods are being employed, what results are being obtained, where there are duplications of work and plant, wherein the organization and methods are ill adapted or ill adjusted.

In each case, as first drafts of descriptive reports have been com-

pleted by the commission, they first have been submitted to the services whose organization and work are involved, so that this part of the work has been a joint product of all services. This has been done for the double purpose of having a statement of fact that is beyond controversy, and to lay the foundation for the consideration of the critical comments and constructive suggestions that have followed.

To the present time 85 reports have been submitted which carry recommendations. Fifteen of these reports, most of which recommend constructive legislation, have already been sent to Congress, viz.:

1. Outlines of organization of the Government. Submitted January 17, 1912 (published as H. Doc. 458).
2. The centralization of the distribution of Government publications. Submitted February 5, 1912 (published in S. Doc. 293).
3. The use of window envelopes in the Government service. Submitted February 5, 1912 (published in S. Doc. 293).
4. The use of the photographic process for copying printed and written documents, maps, drawings, etc. Submitted February 5, 1912 (published in S. Doc. 293).
5. Methods of appointment. Submitted April 4, 1912 (published in H. Doc. 670).
6. The consolidation of the Bureau of Lighthouses of the Department of Commerce and Labor and the Life-Saving Service of the Department of the Treasury. Submitted April 4, 1912 (published in H. Doc. 670).
7. The Revenue-Cutter Service of the Department of the Treasury. Submitted April 4, 1912 (published in H. Doc. 670).
8. The accounting offices of the Treasury, with recommendations for the consolidation of the six auditors' offices into one. Submitted April 4, 1912 (published in H. Doc. 670).
9. The Returns Office of the Department of the Interior. Submitted April 4, 1912 (published in H. Doc. 670).
10. Travel expenditures. Submitted April 4, 1912 (published in H. Doc. 670).
11. Memorandum of conclusions concerning the principles which should govern the handling and filing of correspondence. Submitted April 4, 1912 (published in H. Doc. 670).
12. Supplementary report on the centralization of the distribution of Government publications. Submitted April 4, 1912 (published in H. Doc. 670).
13. The use of outlines of organization of the Government. Submitted April 4, 1912 (published in H. Doc. 670).
14. Report on the retirement of superannuated employees. Submitted May 6, 1912 (published as H. Doc. 732).
15. Report on "The Need for a National Budget." Submitted June 27, 1912 (published as H. Doc. 854).

The reports of the commission already submitted which call for Executive action relate to a variety of subjects. Included in these reports are recommendations: For the modification of orders and practices related to the administration of the civil-service law; the installation of a uniform system of accounting and reporting; forms

and instructions for the preparation and submission of a budget; the use of window envelopes; the introduction of labor-saving office devices; more economical Government housing; better lighting, heating, ventilation, and sanitation; the better utilization of waste; the more economical disposition of obsolete and condemned stores and other property; the discontinuance of the jurat in the preparation of claims for reimbursement; the promulgation of rules governing travel expenditures.

With respect to many of these, affirmative action has been taken, but in nearly every case it is necessary to proceed slowly with the making of changes, which have already been ordered, as it necessarily requires months to make any change which broadly affects the service without causing so much confusion as to seriously interfere with the transaction of Government business.

On December 9 I transmitted the report of the commission, with its recommendations, on the organization and work of the Patent Office. This report is printed as House Document No. 1110. I am transmitting herewith 11 other reports, the recommendations contained in which have my approval, as follows:

1. Business methods of the office of The Adjutant General of the War Department.
2. The handling and filing of correspondence in the Mail and Record Division of the office of the Chief of Engineers.
3. The handling and filing of correspondence and the doing of statistical work in the Bureau of Insular Affairs.
4. The handling and filing of correspondence in the office of the Surgeon General.
5. The handling and filing of correspondence in the office of the Signal Corps.
6. The handling and filing of correspondence in the office of the Chief of Ordnance.
7. The handling and filing of correspondence in the Mail and Record Division of the Department of Justice.
8. Methods of keeping efficiency records of employees in the National Bank Redemption Agency of the Department of the Treasury.
9. Report on the electric lighting of Federal buildings of the Department of the Treasury.
10. On the establishment of an independent public health service.
11. The recovery of fiber stock of canceled paper money.

The first six of these reports have been the result of intensive study of methods employed in the offices of the War Department at Washington, which point to detail reductions in cost which may affect the appropriations for 1914. These, together with the recommendations of the Secretary of War, are sent for your information. In the opinion of the commission, an estimated saving of over $400,000 a year can ultimately be made by favorable action on the

changes in methods which are recommended in the six offices of the War Department alone.

One report above listed relates to the question of personnel. This is important both in its relation to efficiency of organization and economy of work. A number of other reports, containing recommendations for changes in the details of methods which, in the opinion of the commission, will produce marked savings in annual cost of transacting the business of the offices investigated are in the hands of the services interested. These will be sent for the information of the Congress as soon as action has been taken or other conclusion has been reached.

The report on electric lighting of public buildings is significant of the inattention to administrative details in a subdivision of the service which is charged with the operation and maintenance of several hundred Government buildings. Until this inquiry was begun no attempt had been made in this office to find out what was even the gross expenditures for operation as distinct from maintenance, or capital outlays, either for each building or for the whole service, and there were no means provided for knowing the heating, lighting, cleaning, or other costs as subdivisions of operation. The head of the office was presumably interested in construction; the primary responsibility of the department was for the care and custody of funds; the result was that no attention was given to the development of the information essential to the central direction and control over operative services. And it may be said that the condition found in this office is typical of the condition found in many of the operative services. The report covers only a partial inquiry into lighting efficiency.

The report submitted relative to the recovery of fiber stock of canceled paper money proposes that the method of macerating this stock which has been in use for about 40 years be discontinued and that more modern methods be adopted. Under modern methods of treating this paper stock it is deinked and defibered with but a small loss of pulp, and such stock when recovered can be used in the manufacture of new money paper, at a saving, as compared with the present method of macerating and sale, of about $100,000 per annum.

While during the time and with the staff available it has not been possible to make final detailed reports on more than a few of the hundreds of offices at Washington, and in only one office outside of Washington has work of this character been undertaken, the reports which are submitted will serve to illustrate the character of results which may follow an extensive investigation of office technique and procedure. It is further to be noted that the offices which have been reported on are those which have been frequently under scrutiny. From

what is known of the offices outside of Washington it is thought that it is in this field that the largest opportunities for economy will be found—partly due to the fact that these offices have not been brought under scrutiny, and partly due to the fact that a large number of them are dominated by political appointees.

As illustrating the relative importance of services outside of Washington, it is of interest to note that the cost of clerk hire at the New York post office alone is more than that incurred in the Departments of War, Navy, State, Justice, and Commerce and Labor at Washington; that in the customhouse at New York the cost of clerk hire is greater than in any one department at Washington.

In my opinion the technique and procedure of every branch and office of the Government should be submitted to the same painstaking examination as has been given to those on which reports have been made. To do this, however, ample funds must be provided. As stated in previous messages to Congress on the subject, there is no greater service that can be rendered to the country than that of the continuance of the work of the commission until some form of organization is provided for continuously doing this kind of work under the Executive. I have asked, therefore, that $250,000 be provided for the continuation of the investigation which has been so well begun, and that these funds be made available March 4. In my opinion this is not a matter in which the Congress should assume that public money will be unwisely spent. At a total cost of about $230,000 during the 21 months covered by the work of the commission, facts have been developed and recommendations have been made that, if followed up, will result in savings of millions of dollars each year. This has been done under the handicap of inadequate funds and uncertainty of continuation, which interfered with the making of plans which could not be completely executed within a few months. It would be very much to the advantage of the administration if the President were authorized to spend whatever amount he may deem to be necessary within the next two years, the only condition attached being that he render an account of expenditures.

WM. H. TAFT.

[NOTE: Accompanying this message was the report of the commission's inquiries and work relating to the organization and personnel of the various executive departments of the government, as well as their functions and activities, including the budget, accounting and standardization of office equipment and service, both individual and by groups; inquiries and work relating to navigation, health, statistical cartographic and survey services and relating to the subject of a central accounting and auditing service; a complete report of the business methods of the Adjutant General's office; the handling and filing of correspondence and the doing of statistical work in the Mail and Record

division of the office of the Chief of Engineers, the Bureau of Insular Affairs, the Signal Corps and Chief of Ordnance of the War Department, the Mail and Record division of the Department of Justice, and the methods of keeping efficiency records of employees in the National Bank Redemption Agency of the Treasury, and a report on the lighting of the buildings in the same department.

The commission recommended that a permanent central executive control be established to maintain uniform methods and to develop expertness and efficiency and to harmonize the relations between the bureaus and departments, to the end that duplication of work and conflicts of jurisdiction might be avoided and time saved.

Frederick A. Cleveland, Walter W. Warwick and Merritt O. Chance were the commissioners.]

SPECIAL MESSAGE.

[Transmitting certified copies of franchises granted by the Executive Council of Porto Rico.]

THE WHITE HOUSE, *January 9, 1913.*

To the Senate and House of Representatives:

As required by section 32 of the act of Congress approved April 12, 1900, entitled "An act temporarily to provide revenues and a civil government for Porto Rico, and for other purposes," I transmit herewith certified copies of franchises granted by the Executive Council of Porto Rico, which are described in the accompanying letter from the Secretary of War transmitting them to me. Such of these as relate to railroad, street railway, telegraph, and telephone franchises, privileges, or concessions have been approved by me, as required by the joint resolution of May 1, 1900 (31 Stat., 715).

WM. H. TAFT.

Following is the substance of the letter from the Secretary of War:

To the PRESIDENT: I have the honor to inclose herewith, for transmission to Congress, two certified copies of franchises granted by the Executive Council of Porto Rico, as follows: Granting to Thomas D. Mott, Jr., authority to construct, maintain, and operate a system for the manufacture, distribution, and sale of gas; approved by the Governor, July 30, 1912, and amended Oct. 23, 1912. Granting to the municipality of Fajardo permission to take 30 liters of water per second from the Fajardo River; approved July 30, 1912. Granting a revocable permit to Pavenstedt Land Co. to take and use for irrigation purposes 286 liters of water per second from the Tanama River; approved Aug. 10, 1912. Granting to the Porto Rico Railway, Light & Power Co. the right to reconstruct and widen its bridge over the San Antonio Channel and to extend its double track to a point approximately 234 feet west of Stop Eleven; approved Aug. 27, 1912. Granting to the Fajardo Development Co., a corporation organized under

the laws of the State of Connecticut, the right to construct, maintain, and operate a railway between the towns of Mameyes, Luquillo, Fajardo, Ceiba, and Naguabo in the Island of Porto Rico; approved Aug. 27, 1912. Repealing an ordinance granting to the Robbins-Ripley Co. authority to construct, maintain, and operate a pier on the harbor shore of San Juan; approved Sept. 4, 1912. Granting a revocable permit to Francisco Antongiorgi to take and use for irrigation purposes 1½ liters of water per second from the Brook Cristales, municipality of Yauco; approved Oct. 12, 1912. Granting a revocable permit to the Porto Rico Railway, Light & Power Co. to take and use for industrial purposes 1 liter of water per second from the Hondo River, Bayamon; approved Oct. 23, 1912. Granting to Sosthenes Behn the right to construct, maintain, and operate a system of long-distance telephone lines between the towns of Carolina and Hormigueros and other intervening towns and cities, together with local telephone systems in certain of said towns and local stations at other points, and authorizing the Porto Rico General Telephone Co. to construct, maintain, and operate telephone systems in San Juan, Mayaguez, and the eastern end of the Island; approved Dec. 12, 1912.

Very respectfully, HENRY L. STIMSON, *Secretary of War.*

SPECIAL MESSAGE.

[Transmitting report from the Secretary of State concerning claims of American citizens growing out of joint naval operations of the United States and Great Britain in and about the Town of Apia, in the Samoan Islands, March, April, and May, 1899.]

THE WHITE HOUSE, *Washington, January 10, 1913.*

To the Senate and the House of Representatives:

I transmit herewith a report by the Secretary of State of the action taken by him in pursuance of the act of Congress approved June 23, 1910, authorizing and directing him to ascertain the "amounts due, if any, respectively, to American citizens on claims heretofore filed in the Department of State, growing out of the joint naval operations of the United States and Great Britain in and about the town of Apia, in the Samoan Islands, in the months of March, April, and May, 1899, * * * and report the same to Congress."

Accompanying the report of the Secretary of State is the report of the officer who, pursuant to the Secretary's direction, visited the Samoan Islands for the purpose of collecting evidence regarding the claims mentioned. Of the total amount of American claims, of about $64,677.88, payment of $14,811.42 is recommended by the agent. This finding is approved by the Secretary of State, who submits for the consideration of Congress the question of an immediate appropriation for the payment of the claims recommended.

WM. H. TAFT.

Letter of submittal from the Secretary of War:

To the PRESIDENT: I have the honor to submit, with a view to its transmission to Congress, the accompanying report, together with copies of the evidence collected, relative to the action taken by this department in response to the act of Congress approved June 23, 1910, authorizing and directing me to ascertain the "amounts due, if any, respectively, to American citizens on claims heretofore filed in the Department of State, growing out of the joint naval operations of the United States and Great Britain in and about the town of Apia, in the Samoan Islands, in the months of March, April, and May, 1899, * * * and report the same to Congress." For carrying into effect this act there was appropriated in the diplomatic and consular appropriation act approved March 3, 1911, the sum of $750.

Pursuant to my instructions of April 15, 1911, Mr. Joseph R. Baker, of the solicitor's office of this department, visited the Samoan Islands during the summer of 1911 and remained there for about two months collecting evidence regarding the claims in question. Under date of Oct. 12, 1911, Mr. Baker submitted his report in the matter, including recommendations as to the amount properly payable, if any, on each of such respective claims. This report and the evidence in writing collected by Mr. Baker have been carefully considered by the department, and the conclusion has been reached that the amounts indicated by him are to be regarded as equitably due the various claimants.

By decision given at Stockholm Oct. 14, 1902, by His Majesty Oscar II, then King of Sweden and Norway, to whom the matter had been referred by the convention of Nov. 7, 1899, between the United States, Great Britain, and Germany, it was held that the Governments of the United States and Great Britain were responsible for the losses caused by certain military action, found by the arbitrator to be unwarranted, in the Samoan Islands in the spring of 1899, namely: (1) The bringing back of the Malietoans (to the island of Upolu) and the distribution to them of arms and ammunition; (2) the bombardment; (3) the military operations on shore; and (4) the stopping of the street traffic in Apia. There was reserved for future decision "the question as to the extent to which the two Governments or each of them may be considered responsible for such losses."

However, such further decision was never made nor requested, inasmuch as it was agreed upon by the United States and Great Britain that each Government should pay one-half the amounts found to be due to the citizens or subjects of other powers and should deal alone with the claims of its own nationals.

The German Government, after an interchange of several notes on the subject, finally signified through the German ambassador in Washington its acceptance of the offer of $40,000 in full settlement of the claims, and thereafter Congress appropriated as the moiety of the United States in payment thereof the sum of $20,000.

The French and Danish claims were resubmitted, and the respective sums of $6,782.26 and $1,520 were paid thereon. Congress appropriated in each case for the moiety of the United States, as it did also in the cases of the Swedish and Norwegian claims, upon which were paid, respectively, $750 and $400.

The department is advised that after its contribution to the payment of the said claims of persons of other nationalities the Government of Great Britain several years ago reimbursed its own subjects in the sum of £3,645 for similar losses.

It appears to follow, then, that the American claimants alone, as a class (aside from the native Samoans), remain unpaid for the losses suffered in these Samoan

troubles, and it would seem that the equities of the situation require that provision should be made without delay for such payment where it is shown to be deserved.

Investigation by the department reveals that, generally speaking, the American claims are of the same character as those of other nationalities. The total amount of the American claims is about $64,677.88 and the total amount recommended for payment is $14,811.42.

In conclusion, to show by an eyewitness the condition of affairs in Samoa immediately after the war in question, I desire to quote the following extracts from the report of Hon. Bartlett Tripp, the American representative upon the commission which composed affairs in Samoa following the war:

> The country surrounding Apia indeed had much the appearance of a battle field at the time of our arrival * * *. The shells from the war vessels fired to dislodge the forces of Mataafa had left their marks upon the houses and plantations surrounding the town and within a radius of 3 miles from the inner harbor, while the lawless acts of looting and foraging parties from either camp had left them a scene of devastation and desolation which always succeeds the invasion of armed forces of savage and civilized men * * *. The white people whose homes had been pillaged and who had sought refuge in Apia, under the guns of the men-of-war, despondingly awaited events which might again bring peace, and the inhabitants of the unhappy town, whose houses had been unluckily struck by the shells of a friendly fleet, and who sought shelter upon the shore, were about equally divided in their words of censure for the hostile forces of the natives and the vessels of their own fleet. (Foreign Relations, 1899, pp. 621, 622, and 649.)

Respectfully submitted, P. C. KNOX, *Secretary of State.*

SPECIAL MESSAGE.

[Transmitting, in response to Senate resolution of January 2, 1913, a memorandum of the Secretary of State submitting a report by the Consul General at Berlin relative to the Friedmann Cure for Tuberculosis.]

THE WHITE HOUSE, *January 16, 1913.*

To the Senate of the United States:

I transmit herewith a memorandum of the Secretary of State, inclosing a report prepared by the consul general at Berlin in regard to the Friedmann cure for tuberculosis.

The report is sent in reply to a resolution of the Senate in January 2, 1913, by which I am requested to submit to the Senate the results of any investigation of the Friedmann cure made or being made by the American consul general in Germany or any other officer of the United States.

WM. H. TAFT.

Secretary Knox's letter of submittal follows:

To the PRESIDENT: The undersigned, the Secretary of State, has the honor to lay before the President, in accordance with a resolution of the Senate of the United States of January 2, 1913, a copy of a dispatch from the consul general at Berlin, Germany, transmitting a report in regard to the Friedmann cure for tuberculosis.

P. C. KNOX, *Secretary of State.*

January 15, 1913.

Report on the Friedmann Cure for Tuberculosis

American Consulate General,
Berlin, Germany, December 31, 1912.

The Secretary of State, Washington, D. C.:

Sir: On November 6th last Dr. Friedrich Franz Friedmann, of Berlin, in a lecture delivered before the Berlin Medical Society (Berliner medizinische Gesellschaft) announced that he has discovered a remedy for tuberculosis. The treatment consists in the injection of a solution prepared by the doctor himself, which he claims contains living nonvirulent bacilli taken from cold-blooded animals in contradistinction to the virulent organisms contained in Koch's Tuberkulin and other tuberculosis remedies. Up to November 18th last Dr. Friedmann claims to have treated 1,182 cases, mostly children, and that the inoculation has proved a success.

In the discussions which followed the lecture some of the most prominent Berlin physicians expressed their surprise at the favorable results obtained by Dr. Friedmann in his treatment of their tuberculosis patients. Other doctors claimed that equally favorable results have been obtained by the Koch and other tuberculosis cures. It is the consensus of opinion of the Berlin medical profession that the results of the new treatment can not be definitely acknowledged till facilities have been offered to the various physicians to observe the effects of the preparation under their own administrations and then only after sufficient time has elapsed to determine whether or not the cures or the instances of amelioration of the condition of the patient are permanent. Owing to the comparatively short period which has elapsed since the new treatment has been tried fears have been expressed lest the nonvirulent organisms when injected into the human system may become virulent and cause an outbreak of the disease.

Dr. Friedmann has stated that at present the new preparation can not be given to the medical profession at large, as he has not the proper facilities for the manufacture of the remedy, but as soon as possible the solution will be furnished to medical experts to enable them to administer the cure to their own patients.

In answer to a request for information made recently by this consulate general, Dr. Friedmann replied as follows:

My remedy for the time being has not yet been given out to any one. For the present, patients will be treated only under my personal direction in my Institute for Tuberculosis and Scrofulosis at 49 Lutzowstrasse. Berlin. I am unable to say just yet how soon my remedy will be available in America.

My institute is not a hospital, but room and board may be had elsewhere in Berlin at usual prices by those who come for treatment.

It is impossible to give an estimate of length of time necessary for treatment without examination. Where cases are not too far advanced treatment usually covers a period of several weeks.

The following is an opinion of the new remedy given by one of the local physicians:

In November of this year Dr. Friedmann delivered a lecture to the Berlin Medical Association in which he announced that he had discovered a new preparation for the treatment of tuberculosis. In his lecture he stated that the new remedy would not only cure cases of tuberculosis which were already well defined, but also that he could prevent the disease by inoculation, especially in small children. There already exists up to the present time various preparations which we call "sera," by the injection of which tuberculosis has been fought. The first serum was made by the celebrated Robert Koch and

consisted of dead tuberculosis bacilli. The other preparations which have appeared since were also obtained by the emulsion of dead tuberculosis bacilli. The preparation of Dr. Friedmann consists of living nonvirulent bacilli taken from cold-blooded animals, such as turtles; that is to say, of living tuberculosis bacilli which have lost their virulence or poisonous quality if injected into the human body.

Friedmann claimed that he has treated many hundred cases by himself and with the assistance of several Berlin physicians and has had a great success. The cases which he presented to the Berlin Medical Association showed, indeed, a great improvement, but that the cures are permanent can only be determined in the future. It is certain that similar success has been obtained with other preparations, therefore it is very difficult to give a definite opinion as to the new discovery; first, because Dr. Friedmann does not specify the method by which his preparation is made, and, secondly, because he has not given his material to other doctors to enable them to prove his statements. In all events, the medical profession is very skeptical in regard to this cure, as Friedmann uses living or even weakened tuberculosis bacilli, and nobody can state with certainty at this time that these bacilli, if injected into the human body, do not become virulent. My opinion is as follows:

It is very possible that successful results have actually been obtained by the use of the Friedmann preparation, but, before the results can be accepted as definite by the medical profession at large, it will be necessary to have an experience with the preparation for several years by other doctors besides Dr. Friedmann. Under the present conditions I, as well as many other doctors, would abstain from treatment with the new preparation.

Copies of the Berliner Klinische Wochenschrift are forwarded as annexes to this report. In No. 47, of Nov. 18, 1912, on pages 2214 to 2217, the lectures of Dr. Friedmann are given in the original text, and on pages 2241 to 2246 the discussion which followed the lecture. In No. 49, of Dec. 2, 1912, on pages 2329 to 2335, the discussion is concluded.

A. M. Thackara,
American Consul General.

SPECIAL MESSAGE.

[Transmitting the Sixty-third Annual Report of the Board of Directors of the Panama Railroad for fiscal year ending June 30, 1912.]

The White House, *January 22, 1913.*

To the Senate and House of Representatives:

I transmit herewith, for the information of Congress, the Sixty-third Annual Report of the Board of Directors of the Panama Railroad Co. for the fiscal year ending June 30, 1912.

WM. H. TAFT.

Sixty-third Annual Report of the Panama Railroad Co., June 30, 1912.

Panama Railroad Co.,

New York, N. Y., November 1, 1912.

To the stockholders of the Panama Railroad Co.:

I respectfully submit for your consideration a report of the company's financial condition and operations for the 12 months from July 1, 1911, to June 30, 1912.

The sums heretofore advanced by the United States Government, amounting to $4,185,047.03, were not decreased by payments during the fiscal period ending June 30, 1912; the total payments previously made on account amounted to $937,714.92, leaving a total balance due of $3,247,332.11.

Congressional enactment (sec. 2 of the sundry civil service act, approved March 4, 1911), by which this company was released from further payments on account of principal or interest upon its indebtedness to the United States Government until further action by Congress, is still in effect.

The company's operations for the period covered by this report, after meeting the total cost of operation, together with fixed charges aggregating $39,954.12, and charges for depreciation of rolling stock, floating and plant equipment, amounting to $232,489.20, resulted in net income of $1,762,049.22.

Of net income, as above stated, $1,385,568.25 was applied to additions and betterments of plant and equipment.

GEO. W. GOETHALS,
President.

BOARD OF DIRECTORS—George W. Goethals, F. C. Boggs, C. A. Devol, E. A. Drake, Clarence R. Edwards, Oswald H. Ernst, Mordecai T. Endicott, D. DuB. Gaillard, H. F. Hodges, H. H. Rousseau, Richard Reid Rogers, W. L. Sibert, E. T. Wilson.

OFFICERS—George W. Goethals, president; E. A. Drake, vice president; H. F. Hodges, second vice president; J. A. Smith, general superintendent; Sylvester Deming, treasurer; T. H. Rossbottom, assistant to vice president, and secretary; V. M. Newton, auditor; R. W. Hart, local auditor, F. C. Boggs, general purchasing officer, Eugene T. Wilson, commissary; Wendell L. Simpson, commissary purchasing agent; Roland Allwork, superintending engineer; F. Mears, chief engineer; H. I. Bawden, terminal superintendent; Richard Reid Rogers, general counsel. General offices.—No. 24 State Street, New York.

SPECIAL MESSAGE.

[Recommending Appropriation for the Fourth International Congress of School Hygiene to be held in Buffalo, N. Y., August 25 to 30, 1913.]

THE WHITE HOUSE, *January 22, 1913.*

To the Senate and House of Representatives:

On the 19th of August last Congress passed the following resolution:

Resolved by the Senate and House of Representatives of the United States of America in Congress assembled, That the President of the United States is hereby requested to direct the Secretary of State to issue invitations to foreign governments to participate in the Fourth International Congress on School Hygiene, to be held in Buffalo, New York, August twenty-fifth to thirtieth, nineteen hundred and thirteen: *Provided,* That no appropriation shall be granted at any time hereafter in connection with said congress.

At the time the resolution was passed there were three gentlemen in Buffalo whose means and whose interest in the congress were such that the people of Buffalo had every reason to believe that the expense of the congress would be contributed by these, their citizens. Since that time the three citizens have died, and there is no written obligation on the part of their estates to meet the necessary expenses.

I recommend the appropriation of $30,000 (to which the citizens of Buffalo will have to add a substantial sum) as a contribution of the Government to the fund necessary to make the reception of the congress accord with what we regard as American hospitality.

Personally I am very much opposed to any invitation of this sort at the instance of the Government in which the Government does not assume all the expenses of entertainment. Other countries much less able than the United States never extend an invitation of this sort without having proper preparation for the reception of the guests of the nation.

In the peculiar circumstances of the present resolution I urgently recommend the appropriation of the sum mentioned to enable the obligation of the invitation to be properly met. The proviso in the resolution was an unfortunate one, in my judgment, but whether it was so or not, under the circumstances it offers no reason for Congress not to take the proper course.

WM. H. TAFT.

SPECIAL MESSAGE.

[Transmitting report on the Transportation Question in the Territory of Alaska, etc.]

THE WHITE HOUSE, *February 6, 1913.*

To the Senate and House of Representatives:

In accordance with the provisions of section 18 of an act of Congress approved August 24, 1912, I appointed a commission—

to conduct an examination into the transportation question in the Territory of Alaska; to examine railroad routes from the seaboard to the coal fields and to the interior and navigable waterways; to secure surveys and other information with respect to railroads, including cost of construction and operation; to obtain information in respect to the coal fields and their proximity to railroad routes; and to make report of the facts to Congress on or before the first day of December, nineteen hundred and twelve, or as soon thereafter as may be practicable, together with their conclusions and recommendations in respect to the best and most available routes for railroads in Alaska which will develop the country and the resources thereof for the use of the people of the United States.

Under the requirements of the act, this commission consisted of—

an officer of the Engineer Corps of the United States Army, a geologist in charge of Alaska surveys, an officer in the Engineer Corps of the United States Navy, and a civil engineer who has had practical experience in railroad construction and has not been connected with any railroad enterprise in said Territory.

The date when the act was passed was late in the summer season, thus allowing a very limited time for the preparation of a report for presentation at the present session of Congress. Nevertheless, within a week after the act was approved the commission had been appointed, as follows: Maj. Jay J. Morrow, Corps of Engineers, United States Army, chairman; Alfred H. Brooks, geologist in charge of Division of Alaskan Mineral Resources, Geological Survey, vice chairman; Civil Engineer Leonard M. Cox, United States Navy. Colin M. Ingersoll, consulting railroad engineer, New York City. This commission has transmitted to me a report, which is herewith submitted to Congress in accordance with the provisions of the act. An examination of this report discloses that the following are among the more important of the findings of the commission:

The Territory of Alaska contains large undeveloped mineral resources, extensive tracts of agricultural and grazing lands, and the climate of a large part of the Territory is favorable to permanent settlement and industrial development. The report contains much specific information and many interesting details with regard to these resources. It finds that they can be developed and utilized only by the construction of railways which shall connect tidewater on the Pacific Ocean with the two great inland waterways, the Yukon and the Kuskokwim Rivers. The resources of the inland region and especially of these great river basins are almost undeveloped because of lack of transportation facilities. The Yukon and Kuskokwim Rivers system include some 5,000 miles of navigable water, but these are open to commerce only about three months in the year. Moreover, the mouths of these two rivers on Bering Sea lie some 2,500 miles from Puget Sound, thus involving a long and circuitous route from the Pacific Coast States. The transportation of freight to the mouths of these rivers and thence upstream will always be so expensive and confined to so limited a season as to forbid any large industrial advancement for the great inland region now entirely dependent on these circuitous avenues of approach.

From these considerations the commission finds that railway connections with open ports on the Pacific are not only justified, but imperative if the fertile regions of inland Alaska and its mineral resources are to be utilized; but that with such railway connections a large region will be opened up to the homesteader, the prospector, and the miner. So far as the limited time available has permitted the commission has investigated, and in its report describes all of the railway routes which have been suggested for reaching the interior, including the ocean terminals of these routes. The relative advantages and disadvantages of these routes are compared. The principal result of this comparison may be stated to be that railroad development in Alaska should proceed first by means of two independent railroad systems, hereafter to be

connected and supplemented as may be justified by future development. One of these lines should connect the valley of the Yukon and its tributary, the Tanana, with tidewater; and the other should be devoted to the development and needs of the Kuskokwim and the Susitna.

The best available route for the first railway system is that which leads from Cordova by way of Chitina to Fairbanks; and the best available route for the second is that which leads from Seward around Cook Inlet to the Iditarod. The first should be connected with the Bering coal field and the second with the Matanuska coal field. Other routes and terminals are discussed, but are found not to have the importance or availability for the development of the Territory possessed by the two mentioned. Thus, the route extending inland from Haines, in southeastern Alaska, has value for local development, though chiefly on the Canadian side of the boundary, but the distance to Fairbanks is found to be too great to permit of its being used as a trunk line to the Yukon waters. The route from Iliamna Bay also has value for local use, but is too far to the southwest to permit of its use as a trunk line into the interior. The proposed terminals at Katalla and Controller Bay are found to be very expensive both as to construction and maintenance, besides furnishing very inferior harbors. The route inland from Valdez is at a disadvantage because it would not serve any of the coal fields, although as hereafter noted Valdez is regarded by the commission as an important alternative terminal in the possible future development of the Chitina-Fairbanks route.

The investigations of the commission indicate that the route from Cordova by way of Chitina to Fairbanks would furnish the best trunk line to the Yukon and Tanana waters: (1) Because Cordova has distinct advantages as a harbor; (2) because this route requires the shortest actual amount of construction, but chiefly (3) because the better grades possible on this route should give the lowest freight rates into the Tanana Valley. The Copper River & Northwestern Railroad is now constructed from Cordova to Chitina and thence up the Chitina River. The commission recommends the building of a railway from Chitina to Fairbanks, 313 miles, estimated to cost $13,971,000, with the provision that if this railway is built by other interests than those controlling the Copper River & Northwestern Railroad, and if an equitable traffic arrangement can not be made with it, connection should be made with Valdez by the Thompson Pass route, 101 miles, estimated to cost $6,101,479.

The commission finds that Cordova offers the best present ocean terminal for the Bering River coal. The commission also points out that it would not be economical to haul the Matanuska coal to either Valdez or Cordova, and that therefore the logical outlet for that field is Seward. If commercial development of these two fields should dis-

close that the quality of the coal is the same in both, the Bering River field would have the advantage of greater proximity to open tidewater. A branch line from the Copper River Railway to the Bering River field, a distance of 38 miles, at an estimated cost of $2,054,000, is recommended to afford an outlet for the coal on Prince William Sound and into the Copper River Valley and the region where there is at present the largest market for Alaska coal.

The commission finds that a railway from Chitina to Fairbanks will not solve the transportation problem of Alaska, because it will not give access to the Matanuska coal field, the fertile lands and mineral wealth of the lower Susitna, or the great Kuskokwim basin. This province properly belongs to an independent railway system based on the harbor at Seward. The commission recommends a railway from Kern Creek, the present inland terminal of the Alaska Northern Railway, to the Susitna River (distance, 115 miles; estimated cost, $5,209,000), with a branch line to the Matanuska coal field (distance, 38 miles; estimated cost, $1,618,000); and an extension of the main line through the Alaska Range to the Kuskokwim River (distance, 229 miles; estimated cost, $12,760,000).

The entire railways thus recommended will constitute two independent systems involving 733 miles of new construction at a cost of $35,000,000. Eventually these systems will be tied together and there will be earlier demands for branch and local lines as the country develops. One of these systems will find an outlet to the coast over the Copper River & Northwestern Railroad; the other over the Alaska Northern. If these new lines are constructed by others than those financially interested in these two railroads respectively, satisfactory traffic arrangements would have to be made with them. If the new railways recommended should be constructed by the Government, the question is necessarily presented as to whether the Government should acquire the whole or any part of the existing lines, or either of them, or should endeavor to make appropriate traffic agreements. Much would depend upon whether the Government would operate its own railroads or would make operating agreements with those operating existing lines. The commission has not discussed these questions for the reason pointed out in its report that the act of Congress omits questions of this sort from those upon which the commission was instructed to report:

The report of the commission contains the following statement:

> Its instructions from Congress do not contemplate that any recommendation should be made as to how railroads in Alaska should be constructed, i. e., by private corporate ownership or by one of the many forms in use whereby Government assistance is rendered. The commission disavows any intention of making such recommendations, believing that Congress, in its wisdom, desired

to reserve to itself the solution of that problem; but it has been impossible to form any estimates of costs of operation without some assumption as to the interest rate on the capital required for construction. This interest rate would obviously differ in two cases—construction by Government or bond guaranty, and construction by private capital. Moreover, were construction carried on by private capital unassisted, the necessity of earning sufficient income to pay operating expenses and interest on bonded indebtedness might make it the duty of the directors of the corporation to impose rates on traffic that would seriously retard the development which the Territory so greatly needs.

The commission has therefore been forced to base its studies upon two hypotheses, viz.: That the capital necessary for construction is obtained at 6 per cent interest, assumed as possible if construction is carried out by private corporate ownership unassisted; and that capital is obtained at 3 per cent interest, assumed as possible if the construction is done either by the Government itself or by private capital with bonded indebtedness guaranteed both as to principal and interest.

On similar grounds the commission did not feel justified in discussing the use of the Panama Canal machinery and equipment or in including in its estimates the effect of such use; but a list of the machinery and equipment available at Panama is given in an appendix.

Upon the assumption that the railroad from Chitina to Fairbanks is built by private capital, eliminating promotion profit, but assuming the necessity of earning 6 per cent on the capital invested, it is the judgment of the commission that on estimated available traffic the road could be operated from Cordova to Fairbanks without loss at a passenger rate of 7 cents per mile and an average freight rate of 8 cents per ton-mile. This would mean a through freight rate of $36.94 per ton from Cordova to Fairbanks and a through passenger rate of $31.15. It is the opinion of the commission that—

an average freight rate exceeding 5 cents per ton-mile and passenger rate in excess of 6 cents per mile would defeat the immediate object of the railroad, namely, the expeditious development of the interior of Alaska, and, furthermore, would introduce the question as to whether or not the Seattle-Cordova-Fairbanks freight route would be able to compete with the present all-water route via the Yukon River system, except on shipments in which the time element is of such importance as to warrant the payment of a higher freight rate.

To meet the requirements of expeditious development and water competition the estimate of the commission involves a through freight rate from Cordova to Fairbanks at $22.25 per ton, and a through passenger rate of $26.70. The report further says:

Were the road to be constructed by the Government, or by private corporate ownership with a Government guaranty of principal and interest on bonded indebtedness, the capital required should be obtained at a much lower rate of interest, thus materiallly reducing the annual expenditures.

Using 3 per cent on the investment as fixed charges, and omitting mileage tax of $100, on the assumption that this tax would not be

levied in the case of a Government owned or aided road, the commission estimates that the road would pay on the basis of a passenger rate of 6 cents per mile, and a freight rate of 5.49 cents per ton-mile, making the average through freight rate from Cordova to Fairbanks $24.43 per ton and the through passenger rate $26.70. I give these figures as illustrations. The report contains similar estimates of freight and passenger rates and traffic for the road recommended from Seward to the Kuskokwim.

After recommending the construction of the two principal systems and their extensions already mentioned, the commission states, in conclusion that it—

> is unanimously of the opinion that this development should be undertaken at once, and prosecuted with vigor; that it can not be accomplished without providing the railroads herein recommended under some system which will insure low transportation charges and the consequent rapid settlement of this new land and the utilization of its great resources.

The necessary inference from the entire report is that in the judgment of the commission its recommendations can certainly be carried out only if the Government builds or guarantees the construction costs of the railroads recommended. If the Government is to guarantee the principal and interest of the construction bonds, it seems clear that it should own the roads, the cost of which it really pays. This is true whether the Government itself should operate the roads or should provide for their operation by lease or operating agreement. I am very much opposed to Government operation, but I believe that Government ownership with private operation under lease is the proper solution of the difficulties here presented.

I urge the prompt and earnest consideration of this report and its recommendations.

WM. H. TAFT.

VETO MESSAGE.

[Transmitting, without approval, "An Act to Regulate the Immigration of Aliens to and the Residence of Aliens in the United States."]

THE WHITE HOUSE, *Washington, February 14, 1913.*

To the Senate:

I return herewith, without my approval, Senate Bill No. 3175.

I do this with great reluctance. The bill contains many valuable amendments to the present immigration law which will insure greater certainty in excluding undesirable immigrants.

The bill received strong support in both Houses and was recommended by an able commission after an extended investigation and carefully drawn conclusions.

But I can not make up my mind to sign a bill which in its chief provision violates a principle that ought, in my opinion, to be upheld in dealing with our immigration. I refer to the literacy test. For the reasons stated in Secretary Nagel's letter to me, I can not approve that test. The Secretary's letter accompanies this.

WM. H. TAFT.

DEPARTMENT OF COMMERCE AND LABOR,
Washington, February 12, 1913.

MY DEAR MR. PRESIDENT: On the 4th instant Mr. Hilles, by your direction, sent me Senate bill 3175, "An act to regulate the immigration of aliens to and the residence of aliens in the United States," with the request that I inform you at my earliest convenience if I know of any objection to its approval. I now return the bill with my comments. The following are some of the objections that have been raised:

First. No exception has been made in behalf of Hawaii.

Second. The provision that persons shall be excluded who can not become eligible under existing law to become citizens of the United States by naturalization is obscure, because it leaves unsettled the question as to who are to be regarded as white persons. But this is merely a perpetuation of the uncertainty which is now to be found in the naturalization law.

Third. The provision that the Secretary may determine in advance upon application whether it is necessary to import skilled labor in any particular instance, that this decision shall be held in abeyance for 30 days, and that in the meantime anyone objecting may appeal to the district court to try de novo such question of necessity is unsatisfactory. The provision for the appeal to the courts is probably unconstitutional, but even if the entire provision proves ineffective the law will be left substantially where it is, and so this does not constitute a grave objection to the bill.

Fourth. The provision that the Secretary may detail immigrant inspectors and matrons for duty on vessels carrying immigrants or immigrant passengers is objected to by foreign countries, but inasmuch as this is left to the discretion of the Secretary, and it is understood, for illustration, that Italy insists upon such practice with respect to all steamship companies taking immigrants from her shores, it does not seem to me that this is a controlling objection.

Fifth. The provision in section 7, with respect to the soliciting of immigration by steamship companies, vests the Secretary with somewhat drastic authority by way of imposing fines and denying the right of a steamship company to land alien immigrant passengers. Again, this is not mandatory, and therefore does not go to the heart of the bill.

It appears to me that all these and similar objections might well have been considered in committee and may become the subject of future consideration by Congress, but, fairly considered, they are of incidental importance only and furnish no sufficient reason for disapproving this bill.

With respect to the literacy test I feel compelled to state a different conclusion. In my opinion, this is a provision of controlling importance, not only because of the immediate effect which it may have upon immigration and the embarrassment and cost it may impose upon the service, but because it in-

volves a principle of far-reaching consequence with respect to which your attitude will be regarded with profound interest.

The provision as it now appears will require careful reading. In some measure the group system is adopted—that is, one qualified immigrant may bring in certain members of his family—but the effect seems to be that a qualified alien may bring in members of his family who may themselves be disqualified, whereas a disqualified member would exclude all dependent members of his family no matter how well qualified they might otherwise be. In other words, a father who can read a dialect might bring in an entire family of absolutely illiterate people, barring his sons over 16 years of age, whereas a father who can not read a dialect would bring about the exclusion of his entire family, although every one of them can read and write.

Furthermore, the distinction in favor of the female members of the family as against the male members does not seem to me to rest upon sound reason. Sentimentally, of course it appeals, but industrially considered it does not appear to me that the distinction is sound. Furthermore, there is no provision for the admission of aliens who have been domiciled here, and who have simply gone abroad for a visit. The test would absolutely exclude them upon return.

In the administration of this law very considerable embarrassment will be experienced. This at least is the judgment of members of the immigration force upon whose recommendations I rely. Delay will necessarily ensue at all ports, but on the borders of Canada and Mexico that delay will almost necessarily result in great friction and constant complaint. Furthermore, the force will have to be very considerably increased, and the appropriation will probably be in excess of present sums expended by as much as a million dollars. The force of interpreters will have to be largely increased and, practically speaking, the bureau will have to be in a position to have an interpreter for any kind of language or dialect of the world at any port at any time. Finally, the interpreters will necessarily be foreigners, and with respect to only a very few of the languages or dialects will it be possible for the officials in charge to exercise anything like supervision.

I am of the opinion that this provision can not be defended upon its merits. It was originally urged as a selective test. For some time recommendations in its support upon that ground have been brought to our attention. The matter has been considered from that point of view, and I became completely satisfied that upon that ground the test could not be sustained. The older argument is now abandoned, and in the later conferences, at least, the ground is taken that the provision is to be defended as a practical measure to exclude a large proportion of undesirable immigrants from certain countries. The measure proposes to reach its result by indirection, and is defended purely upon the ground of practical policy, the final purpose being to reduce the quantity of cheap labor in this country. I can not accept this argument. No doubt the law would exclude a considerable percentage of immigration from southern Italy, among the Poles, the Mexicans, and the Greeks. This exclusion would embrace probably in large part undesirable but also a great many desirable people, and the embarrassment, expense, and distress to those who seek to enter would be out of all proportion to any good that can possibly be promised for this measure.

My observation leads me to the conclusion that, so far as the merits of the individual immigrant are concerned, the test is altogether overestimated. The people who come from the countries named are frequently illiterate because opportunities have been denied them. The oppression with which these people have to contend in modern times is not religious, but it consists of a denial of

the opportunity to acquire reading and writing. Frequently the attempt to learn to read and write the language of the particular people is discouraged by the Government, and these immigrants in coming to our shores are really striving to free themselves from the conditions under which they have been compelled to live.

So far as the industrial conditions are concerned, I think the question has been superficially considered. We need labor in this country, and the natives are unwilling to do the work which the aliens come over to do. It is perfectly true that in a few cities and localities there are congested conditions. It is equally true that in very much larger areas we are practically without help. In my judgment, no sufficiently earnest and intelligent effort has been made to bring our wants and our supply together, and so far the same forces that give the chief support to this provision of the new bill have stubbornly resisted any effort looking to an intelligent distribution of new immigration to meet the needs of our vast country. In my judgment, no such drastic measure based upon a ground which is untrue and urged for a reason which we are unwilling to assert should be adopted until we have at least exhausted the possibilities of a rational distribution of these new forces.

Furthermore, there is a misapprehension as to the character of the people who come over here to remain. It is true that in certain localities newly-arrived aliens live under deplorable conditions. Just as much may be said of certain localities that have been inhabited for a hundred years by natives of this country. These are not the general conditions, but they are the exceptions. It is true that a very considerable portion of immigrants do not come to remain, but return after they have acquired some means, or because they find themselves unable to cope with the conditions of a new and aggressive country. Those who return for the latter reason relieve us of their own volition of a burden. Those who return after they have acquired some means certainly must be admitted to have left with us a consideration for the advantage which they have enjoyed. A careful examination of the character of the people who come to stay and of the employment in which a large part of the new immigration is engaged will, in my judgment, dispel the apprehension which many of our people entertain. The census will disclose that with rapid strides the foreign-born citizen is acquiring the farm lands of this country. Even if the foreign-born alone is considered, the percentage of his ownership is assuming a proportion that ought to attract the attention of the native citizens. If the second generation is included it is safe to say that in the Middle West and West a majority of the farms are to-day owned by foreign-born people or they are descendants of the first generation. This does not embrace only the Germans and the Scandinavians, but is true in large measure, for illustration, of the Bohemians and the Poles. It is true in surprising measure of the Italians; not only of the northern Italians, but of the southern.

Again, an examination of the aliens who come to stay is of great significance. During the last fiscal year 838,172 aliens came to our shores, although the net immigration of the year was only a trifle above 400,000. But, while we received of skilled labor 127,016, and only 35,898 returned; we received servants 116,529, and only 13,449 returned; we received farm laborers 184,154, and only 3,978 returned, it appears that laborers came in the number of 135,726, while 209,279 returned. These figures ought to demonstrate that we get substantially what we most need, and what we can not ourselves supply, and that we get rid of what we least need and what seems to furnish, in the minds of many, the chief justification for the bill now under discussion.

The census returns show conclusively that the importance of illiteracy among

aliens is overestimated, and that these people are prompt after their arrival to avail of the opportunities which this country affords. While, according to the reports of the Bureau of Immigration, about 25 per cent of the incoming aliens are illiterate, the census shows that among the foreign-born people of such States as New York and Massachusetts where most of the congestion complained of has taken place, the proportion of illiteracy represents only about 13 per cent.

I am persuaded that this provision of the bill is in principle of very great consequence, and that it is based upon a fallacy in undertaking to apply a test which is not calculated to reach the truth and to find relief from a danger which really does not exist. This provision of the bill is new, and it is radical. It goes to the heart of the measure. It does not permit of compromise, and, much as I regret it, because the other provisions of the measure are in most respects excellent and in no respect really objectionable, I am forced to advise that you do not approve this bill. Very sincerely, yours,

CHARLES NAGEL, *Secretary.*

SPECIAL MESSAGE.

[Transmitting reports on the extension of 2-cent letter postage to Norway, Sweden, Denmark, and The Netherlands.]

THE WHITE HOUSE, *March 1, 1913.*

To the House of Representatives:

In response to the resolution of the House of Representatives of February 20, 1913, requesting the President of the United States—

if not incompatible with the public interest, to transmit to the House of Representatives all information that may be in his possession or the possession of the Department of State or the Post Office Department as to the practicability of extending a 2-cent letter postage rate, similar to that in force with Great Britain and Germany, to Norway, Sweden, Denmark, and the Netherlands, and whether offers or intimations of a willingness on the part of any of said countries to establish such postal rates have been received, and if received, what action was taken in that behalf and the reason therefor—

I transmit herewith reports by the Secretary of State and the Postmaster General upon the subject matter.

WM. H. TAFT.

DEPARTMENT OF STATE, *Washington, February 28, 1913.*

To the President:

The undersigned Secretary of State, to whom was referred a copy of the resolution adopted in the House of Representatives on February 20, 1913, has the honor to report that there is no information in the possession of the Department of State as to the practicability of extending the 2-cent letter postage rate and that no offers or intimations of a willingness on the part of Norway, Sweden, Denmark, and the Netherlands to establish such postal rates have been received by it.

P. C. KNOX, *Secretary.*

POST OFFICE DEPARTMENT, *Washington, February 26, 1913.*

To the Postmaster General:

Replying to your inquiry in connection with House resolution 809 I have the honor to state as follows:

The agreement with Great Britain for a 2-cent letter rate of postage became operative October 1, 1908. The agreement with Germany applying only to letters exchanged between the United States and Germany by sea direct became operative January 1, 1909. Both of the agreements were exceptional and experimental, and no similar agreements except that with the colony of Newfoundland have been concluded since. Proposals for similar agreements received from other countries, including Denmark and Norway, have been replied to uniformly to the effect that the department is not prepared to extend the 2-cent letter rate to any other countries. No proposals for a 2-cent letter rate appear to have been received from either the Netherlands or Sweden.

Letters from this country for Norway, Sweden, Denmark, and The Netherlands, unless dispatched by slow steamers not used for the conveyance of such letters, would be required to pass in transit over one or more intervening countries in which this department would have to pay the transit charges fixed by the Universal Postal Convention, which would make the 2-cent rate on letters for those countries less advisable than the 2-cent rate on letters for Great Britain and Germany, which involves this department in no charges for intermediary transit.

It is estimated that during the fiscal year ended June 30, 1912, the agreements with Great Britain and Germany resulted in the loss of postal revenue to this department amounting to $899,961.92, assuming that the same number of letters would have been dispatched at the regular postal-union rate as were actually dispatched at the 2-cent rate.

In view of the loss of revenue involved and of possible changes in international postage rates which may result from the next Universal Postal Congress which will be held at Madrid in the spring of 1914, it is not deemed practicable or desirable to conclude agreements for 2-cent letter postage at this time with Norway, Sweden, Denmark, the Netherlands, or any other foreign country.

JOSEPH STEWART,
Second Assistant Postmaster General.

SPECIAL MESSAGE.

[On the subject of relations between the United States and the Republic of Colombia.]

THE WHITE HOUSE, *Washington, March 1, 1913.*

To the Senate and the House of Representatives:

I transmit herewith for the information of the Congress a report made to me on February 20, 1913, by the Secretary of State, on the subject of relations between the United States and the Republic of Colombia.

WM. H. TAFT.

DEPARTMENT OF STATE,
Washington, February 20, 1913.

To the President:

In the report which I had the honor to submit to you on May 17, 1912, and which was transmitted in your message of May 22, 1912, to the Senate in response to the Senate's resolution of March 1, 1912, requesting the transmission of correspondence with the Government of Colombia, I stated that the possibility of finding any reasonable means to put an end to the remaining ill feeling between the Republic of Colombia and the United States had, by your direction, long been the subject of study by the department. That study having culminated in the program approved by your letter of November 30, 1912, I deem it my duty now to report upon the outcome of the efforts which the department had made to carry out that program and thereby to replace the relations of the two countries in a state of cordial friendship and mutual confidence. That program was the result of the exhaustive study and earnest endeavors which, by your direction, had engaged the attention of the department from the beginning of the administration, in accordance with your conviction and that of the department that, so far as consistent with the dignity and honor of the United States and with the principles of justice when applied to the true facts, no effort should be spared in seeking to restore American-Colombian relations to a footing of completely friendly feeling.

Before discussing the generous advances of this Government, which I regret have been, I think so mistakenly, rebuffed by the Government at Bogota, it will be convenient by way of recapitulation to sketch, in a measure, the antecedents of the recent attempts of the department to reach the hoped-for adjustment. Inasmuch, however, as the present report is not submitted with a view to its transmission to the Congress, nor intended as a complete survey of the very extensive and complex historical background of the subject, I shall endeavor to confine it within reasonable limits, which would not be possible if the vast amount of material on the subject now on file in the department were to be included or exhaustively summarized.

The necessity for some brief review of what had preceded is enhanced by the fact that the subject of arbitration, now again urged by Colombia, is intimately associated with political problems affecting the status of Panama, and the efforts of the Government of the United States to bring about an adjustment of concatenated questions in which, as a party directly interested because of its rights in regard to the Panama Canal, this Government is the more deeply concerned.

It seems obvious that, even assuming that any tangible issue for arbitration between the United States and Colombia could be made out, evidently no terms of arbitral submission could be entertained which might call in question the right of Panama to exist as a sovereign State.

At this point it should be recalled that Colombian proposals of arbitration, inadmissible for this and other reasons, have twice been rejected by this Government after full consideration by two former Secretaries of State, Mr. Hay and Mr. Root.

Mr. Hay, writing to Gen. Reyes on January 5, 1904, said:

> Entertaining these feelings, the Government of the United States would gladly exercise its good offices with the Republic of Panama, with a view to bringing about some arrangement on a fair and equitable basis. For the acceptance of your proposal of a resort to The Hague tribunal this Government perceives no occasion. Indeed, the questions presented in your "statement of grievances" are of a political nature such as nations of even the most advanced ideas as to international arbitration have not pro-

posed to deal with by that process. Questions of foreign policy and of the recognition or nonrecognition of foreign States are of a purely political nature and do not fall within the domain of judicial decision; and upon these questions this Government has in the present paper defined its position.

Mr. Root, writing to a succeeding Colombia minister on February 10, 1906, said:

The real gravamen of your complaint is this espousal of the cause of Panama by the people of the United States. No arbitration could deal with the real rights and wrongs of the parties concerned unless it were to pass upon the question whether the cause thus espoused was just—whether the people of Panama were exercising their just rights in declaring and maintaining their independence of Colombian rule.

We assert and maintain the affirmative upon that question. We assert that the ancient State of Panama, independent in its origin and by nature and history a separate political community, was confederated with the other States of Colombia upon terms which preserved and continued its separate sovereignty; that it never surrendered that sovereignty; that in the year 1885 the compact which bound it to the other States of Colombia was broken and terminated by Colombia, and the Isthmus was subjugated by force; that it was held under foreign domination to which it had never consented; and that it was justly entitled to assert its sovereignty and demand its independence from a rule which was unlawful, oppressive, and tyrannical. We cannot ask the people of Panama to consent that this right of theirs, which is vital to their political existence, shall be submitted to the decision of any arbitrator. Nor are we willing to permit any arbitrator to determine the political policy of the United States in following its sense of right and justice by espousing the cause of this weak people against the stronger Government of Colombia, which had so long held them in unlawful subjection.

There is one other subject contained in your note which I can not permit to pass without notice. You repeat the charge that the Government of the United States took a collusive part in fomenting or inciting the uprising upon the Isthmus of Panama which ultimately resulted in the revolution. I regret that you should see fit to thus renew an aspersion upon the honor and good faith of the United States in the face of the positive and final denial of the fact contained in Mr. Hay's letter of January 5, 1904. You must be well aware that the universally recognized limitations upon the subjects proper for arbitration forbid that the United States should submit such a question to arbitration. In view of your own recognition of this established limitation, I have been unable to discover any justification for the renewal of this unfounded assertion.

It is important to note also that the Government of Colombia has never to this day presented anything even approaching a question justiciable by arbitration, it being a universally recognized principle that neither indefinite nor purely political matters are of a nature to be arbitrated.

It is perhaps useful to advert somewhat more to the background of previous events. On January 22, 1903, was signed at Washington the treaty between the United States and Colombia, known as the Hay-Herran treaty, for the construction of an interoceanic canal by the United States. This treaty, although essentially conforming to the proposals of Colombia, besides being eminently just and even generous, was enthusiastically welcomed by its direct beneficiaries, the people of the Panaman Isthmus. In Bogota it was coldly received. At the first signs of opposition in the Colombian Congress discontent and resentment were manifested in Panama. As the possibility of the treaty's being rejected at Bogota grew to a probability, the idea of regaining their historical autonomy awakened and became strong in the minds of Panamans. The contingency of secession was openly discussed and advocated. Months before the event the representatives of Panama in the Congress at Bogota raised their voices in unheeded warning. The certainty, which soon became evident, that the canal treaty would be rejected proved their warning true. The bloodless revolution of November 3, 1903, followed, with instant success. Within 48 hours from the proclamation of Panaman independence the last vestige of Colombian authority on the Isthmus had disappeared and the people of Panama, through the unanimous vote of their municipalities, had ratified the Republic.

Imbued with the inherited spirit of territorial nationality and the recollection of their ancient geographical entity, the keen interest of the Panaman people in the establishment of interoceanic transit through their territory is readily comprehensible and it is no cause for surprise that they were impatient of the obstacles set by the Government at Bogota, through its rejection of the Hay-Herran treaty, in the way of the accomplishment of the stupendous work of the canal. The feelings of the people of Panama were early shown through the declaration made by their representative in the Colombian Congress and echoed by other farsighted members, that a failure to ratify the canal treaty would be followed immediately by a separatist revolution. It was a matter of common notoriety in the city of Bogota that such an outcome of the rejection of the treaty was inevitable. Although amply forewarned, the authorities at Bogota appear to have courted the impending result. The Colombian President contributed to bring it about by his amazing departure from the practice of nations in failing even to recommend for approval a treaty signed under the explicit direction of its President on behalf of the sovereign State by its empowered agent. In the light of the manifested spirit of the people of Panama, it is evidently quite superfluous to allege that this revolutionary sentiment was fomented by persons in the United States. Outside pressure, even by interested private parties, would seem to have been a work of supererogation, even if its existence were a fact. The separation became a patent certainty from the moment the Colombian executive and Congress foredoomed the treaty to failure.

The Government of the United States, being satisfied that a de facto government, republican in form and without substantial opposition from its own people, had been there established, extended its recognition to the new Republic of Panama on November 6, 1903. From almost the very day in November, 1903, that Panama regained the attribute of self-government which that State had possessed without question from the time of emancipation from Spanish domination to the time of its incorporation by conquest into the centralized Government of Colombia, the Government of the United States bent its earnest efforts toward effecting a just and practical settlement to which Panama, equally with the United States and Colombia, should be a party.

The earlier representations of the Colombian Government, after the recognition of the Republic of Panama and the conclusion of the canal treaty, did not urge arbitration, except by way of alternative submission of pending questions to an impartial court should a diplomatic arrangement not be feasible. These representations were made up of complaints and charges against the United States with imputation of violation of treaty and general bad faith. Colombia then insisted upon reparation being made by the Government of the United States. This is shown by the correspondence heretofore published.

As an element of the proposed negotiation for a conventional settlement a suggestion of arbitration was made which looked to "the settlement of the claims of a material order which either Colombia or Panama by mutual agreement may reasonably bring forward against the other as a consequence of facts preceding or following the declaration of independence of Panama." This proposition, as formulated, was favored by Secretary Hay, together with the proposal that a plebiscite should determine whether the people of the Isthmus preferred allegiance to the Republic of Panama or to the Republic of Colombia (Mr. Hay to Gen. Reyes, Jan. 13, 1904). Both these proposals were considered in the subsequent negotiations of the tripartite treaties, which aimed to settle all claims "of a material order" between Colombia and Panama and which were, in terms, largely responsive to the Colombian demands in this regard; but the only

subject to be submitted to arbitration under the abortive treaty between Colombia and Panama signed by Messrs. Cortes and Arosemena was the boundary line in the long-disputed district of Jurado. No provisions for a Panaman plebiscite appeared therein. Even that proposed alternative of arbitration thus disappeared when the parties to the controversy reached the conventional accord formulated in the tripartite treaties of January 9, 1909.

The negotiations of these treaties with the United States and Panama for the adjustment of all questions between the three parties were proposed by the Government of Colombia itself.

The negotiations stretched over a period of some three years, being interrupted from time to time by fresh demands on the part of Colombia and hampered in their course by what seemed a very inconsistent reversion of the Colombian plenipotentiaries of the time to attempt to create issues any bases for which had in effect been set aside by Colombia's own proposal to settle the material questions involved. On one occasion the obstructive tactics of the Colombian plenipotentiary were virtually disavowed by his recall and the substitution of another more in accord with the policies of his Government.

The issue had thus been early narrowed to the question of compensation for the losses and injuries pleaded by Colombia, and, it being undeniable that Colombia had suffered by failure to reap a share of the benefits of the canal, the Government of the United States was entirely willing to take this consideration into account, and to endeavor to accommodate the conflicting interests of the three parties by the conventional fixation of a just measure of compensation, in money or in material equivalence. Throughout the whole discussion the course of the United States was marked by kindly forbearance and equitable generosity. The result was the signature on January 9, 1909, of three treaties, one between the United States and the Republic of Colombia, one between the United States and the Republic of Panama, and one between Colombia and Panama, all three being interdependent, to stand or fall together. The treaties between the United States and the respective Republics of Colombia and of Panama received the advisory and consenting approval of the Senate on the respective dates of February 24 and March 3, 1909. That between Colombia and Panama was ratified by the Republic of Panama January 27, 1909, while the treaty with the United States was ratified by Panama three days later.

It seems unnecessary for the purposes of this report to narrate the elaborate negotiations which preceded the signature of the "tripartite" treaties. The Senate, in executive session, was apprised of the processes by which the conventional results were reached and the nature of those results is made apparent by the text of the three instruments. That their provisions sought to deal, adequately, justly, and in the only practical manner so far suggested, with the international problems growing out of the secession of Panama and out of the assumption by the United States of the great work of constructing the canal, would appear to be evident to the unprejudiced mind. The interests and honor of the three countries were, throughout the negotiation, jealously guarded by their respective plenipotentiaries, and their agreement on all vital points was a confirmatory safeguard.

Nevertheless, negotiated as these treaties were at the instance of Colombia, and framed as they were with every desire to accommodate their terms to the just expectations of Colombia; and although they were accepted by the Colombian cabinet, which made repeated efforts to bring about conditions favorable to their approval by the Congress, the treaties still remain unacted upon.

It thus remained for the Colombian Government to hold up the treaties, to

propose the nullification of all the negotiations which had led up to their conclusion and which it had invited, and to suggest entrance upon new negotiations with the United States alone. This suggestion the United States then declined to accept, holding that the "tripartite" treaties must stand or fall together and that no such substitutionary arrangement could be considered without the harmonious agreement of all three parties. In the same attitude, the Colombian Government, without seeking the consent of the United States to enter, after these two rebuffs, upon a discussion of an entirely different character, sought to revert to its former proposal of some kind of settlement by arbitration.

The next proposal of Colombia, on January 5, 1910, was that the United States and Panama should agree to submit to a plebiscite the question of the separation of Panama with the promise that the interests of the United States in the Canal Zone should not be affected by the result. This proposal as made was considered intangible and impracticable, although, as late as March 26, 1910, it appears to have been the subject of an informal suggestion of the Colombian minister, coupled with the promise that if the vote should be unfavorable to the status of Panama the Government of Colombia would formally recognize the acts of Panama in the canal matter.

Again the suggestion of arbitration in somewhat more tangible form appears in the shape of a confidential memorandum, under date of November 30, 1910, expressing the view of Señor Olaya, the Colombian minister for foreign affairs, that, as the provision of Article XXXV of the treaty of 1846 in regard to the guarantee by the United States of Colombian sovereignty over the territory of the Isthmus was differently interpreted by the two Governments, the question whether the acts of the United States on the Isthmus in 1903 were not in harmony with the engagements of Article XXXV, appeared to be a judicial issue proper for arbitral determination. This informal suggestion appeared to involve proposals already rejected by Secretaries Hay and Root. It did not, moreover, materialize in a shape admitting of discussion, and was lost to sight when, about the same time, a new turn was given to the matter by the suggestion of the Colombian foreign office that, with a few changes ("more apparent than real") the treaties might be approved. No tangible proposal was offered, however, as to the changes desired, although it was intimated in January, 1911, that they might import confirmation of Colombia's claim to the ownership of the Panama Railway and of alleged rights and interests in any canal contract or concession granted by Colombia. This intimation, like others put forward during 1910, never reached the stage of diplomatic discussion.

Still another phase supervened when, on March 28, in view of the statement alleged to have been made by ex-President Roosevelt in an address delivered at Berkeley, Cal., on March 23, to the effect that "he took the Canal Zone," the Colombian minister, Señor Borda, construing this reported utterance as an admission that his nation had been "gratuitously, profoundly, and unexpectedly offended and injured," demanded that the dignity and honor of Colombia should "receive satisfaction." No diplomatic discussion of this incident ensued.

At the end of May, 1911, Señor Borda took leave of the President, and returned to Colombia, being replaced by Gen. Pedro Nel Ospina, who presented his credentials May 31, 1911.

No record exists of any effort by this new minister of Colombia to reach an understanding in regard to the Panama controversy or the tripartite treaties until his note of November 25, 1911. In that note he recited "the utter unlikelihood" of a diplomatic settlement of the Panaman issues; characterized the

attempt to regulate the situation by the direct agreement embodied in the tripartite treaties of 1909 as "most unfortunate," owing to the adverse sentiment of the Colombian people which had brought about the expatriation of the head of the Government and of the plenipotentiary (Señor Cortes) by whom they were signed; asserted that it had been demonstrated practically that the desired settlement of the existing differences could not be reached by direct agreement, and urged resort to the decision of an impartial tribunal as to the interpretation to be given to that part of the still existing treaty of 1846, by which the United States, in return for valuable concessions, assumed the obligations to guarantee to New Granada (now Colombia) "the rights of sovereignty and property which she has and possesses over the territory of the Isthmus of Panama."

In conformity with usage, it was to be expected that the envoy would follow up such a communication by seeking personal conference with the Secretary of State to clear the way for formal treatment of a proposal alike so important and so vaguely comprehensive. As a matter of course, and as a part of the public duty of his office, the Secretary of State was and is, at all times, ready to hold such conference with a foreign representative, knowing the advantage to both parties in such a case, of thoroughly understanding each other's views before their expression in official correspondence. Moreover, a just regard for the sensibilities of a nation with which this Government sincerely desires to maintain friendly intercourse naturally made the Secretary of State averse to making a categorical refusal of the proposition, while on the other hand the vagueness of the proposal, like the nature of some of its implications, forbade its academic discussion without a more distinct understanding of its true scope. Gen. Nel Ispina, however, held aloof from the Department of State.

Matters were in this posture when, on the eve of the departure of the Secretary of State on a mission of good will and earnest amity toward the several Republics of the Caribbean, a kindly personal intimation of the pleasure it would afford the Secretary to include Colombia in his itinerary was met by the assertion that such a visit would be "inopportune." Included in this reply to an urbane note were arguments and also accusations tending to impugn the honor and good faith of the United States. It is gratifying to know that this singular course of the minister was taken on his own initiative and was reprobated by his Government. The incident was not of international moment, but it was closed by the spontaneous recall of the envoy by his Government, leaving nothing in the path of that good understanding which this country desires to maintain with its fellow Republic.

It is thus seen that the request of Colombia for arbitration has only recently advanced from the status of a suggested contingent alternative, as a resort in case of failure to attain a diplomatic adjustment, to that of a request predicated on the impossibility of such a direct settlement, an impossibility, if it be one, only because of the act of the Colombian Government in twice repudiating settlements already agreed upon on two occasions by the procedure usual in the intercourse of nations.

It is also to be seen that, while the request takes the same form as the earlier suggested contingent alternative and appears to confine the subject matter of arbitration to ascertainment of the true intent of an isolated clause of Article XXXV of the treaty of 1846, a decision in that regard would revive the old charges and bring them into the arbitral proceedings.

It does not seem timely or pertinent to the purposes of this message to discuss these charges, which were exhausted in the correspondence of 1904 and

1905, and which were necessarily laid aside when the two Governments entered upon negotiations for a friendly adjustment of their differences, with the result of agreement upon conventional terms of settlement. It suffices to say that the thirty-fifth article of the treaty of 1846 is necessarily to be construed as a whole, that the reciprocal obligations of the United States and Colombia were framed to enable this country to enjoy and maintain the enjoyment of the privileges of free uninterrupted isthmian transit, and that the transit was to be kept open by the United States upon occasion, free from disturbance from within or aggression from without. The stipulation which the Colombian Government isolates from its context and seeks to make the sole basis of its contention is in its essence a part of the rights reserved to the United States in order to secure to itself the tranquil and constant enjoyment of the advantages of the transit.

While it is styled as being in compensation for these advantages and in return for the general commercial privileges accorded by the convention, it is perfectly clear that, like the "perfect neutrality" of the Isthmus, the guarantee of the rights of sovereignty and property is to the end "that the free transit from the one to the other sea may not be interrupted or embarrassed in any future time while this treaty exists." And here it may not be out of place to observe that the neutrality of the Isthmus is not its international-law neutrality. The word neutrality has many meanings and shades of meaning besides its strictly technical sense of impartiality between alien belligerents, and is too often indefinitely or irrelevantly employed. In this instance, the obvious sense is that the territory covered by the transit is not to be allowed to become an arena of foreign assault or internal disturbance that may impair the tranquil enjoyment of its use. The United States has exercised the right to prevent such interruption in the past upon occasion, sometimes with the consent of Colombia, sometimes without it, sometimes at the request of Colombia herself in times of civil disturbance, and in the latter case not in fulfillment of any supposed duty to uphold the authority of the titular Government of the territory, but to prevent disorderly interference with the transit. Indeed, the very acts of the United States upon the Isthmus of which Colombia complained comport fully with the right and duty of the United States under the treaty of 1846 to keep the line of transit free from the paralyzing disturbance of civil war, just as it would have been a right and duty to prevent its being a prey of alien rapacity in violation of the territorial rights of its own nationals.

When a new American minister, Mr. James T. Du Bois, was sent to Colombia, in the latter half of 1911, he was informed of the desire of the United States to find some means consistent with its dignity and honor whereby an end might be put to the ill-feeling of Colombia. The view of this Government that, as a condition precedent to any real hope of this desirable result, there should be some modification of attitude in the direction of reasonableness on the part of the Colombian Government was explained, and much time was given by Mr. Du Bois to a careful study of the relations between the two countries. In the summer of 1912 he returned from Bogota to confer with the Department of State as to how a just and fair settlement of our differences with Colombia could be reached.

A program having been evolved which was thought fully responsive to all the needs of the situation, as fresh evidence of the sincere desire of the United States to allay once for all the ill-feeling existing in Colombia, the minister was given full instructions and proceeded to his post. In view of the experience of this Government in seeing adjustments carefully made twice shattered by the failure of their final acceptance at Bogota, it was felt that any fresh formal

proposals should certainly emanate from the Colombian Government. The minister was therefore authorized simply to make known through informal and confidential conversations certain bases which, if reduced to the form of proposals made to the United States by the Government of Colombia, would receive sympathetic consideration by this Government as forming a practical means of complete adjustment of all existing differences with Colombia.

The program which the minister laid before the Colombian Government in the tentative and informal manner indicated comprised the following points:

(1) That if Colombia would ratify the Root-Cortes and Cortes-Arosemena treaties as they stood the United States would be willing to sign an additional convention paying to Colombia $10,000,000 for a permanent option for the construction of an interoceanic canal through Colombian territory and for the perpetual lease of the islands of St. Andrews and Old Providence. In the event that the Colombian Government felt that on account of their relationship with Panama there existed difficulties in which they might desire the assistance of the United States the minister was to intimate that there might be added a stipulation that the United States would be willing to use its good offices with the Government of Panama for the purpose of securing an amicable adjustment by arbitration or otherwise of the Colombia-Panama boundary dispute and of any other matters pending between the two countries. Again, if such a proposal by Colombia seemed impossible the minister was instructed to intimate that in addition to the foregoing the Government of the United States would be willing to conclude with Colombia a convention submitting to arbitration the question of the ownership of the reversionary rights in the Panama Railway, which the Colombian Government asserts that it possesses, and looking to proper indemnity should the Colombian contention be sustained.

(2) In the event that the Colombian Government should be strongly averse to making a proposal involving the ratification of the Cortes-Arosemena treaty with Panama, then the minister was to intimate that this Government would be willing to consider the foregoing proposal, even with certain amendments. These amendments were to be: First, the addition of a protocol whereby the United States would undertake to use its good offices on behalf of Colombia in the adjustment of boundary questions between it and Panama; and second, a convention whereby the Root-Cortes treaty between Colombia and the United States should be amended to the extent of eliminating its interdependence upon the Cortes-Arosemena treaty while preserving to Colombia the important advantages it would give that country in reference to the use of the Panama Canal—one effect of this charge being that Colombia would have either definitively to forego the payment of $2,500,000 to be made it under the original tripartite arrangement, or at least to forego such payment until such future time, if ever, when the Colombian Government might find it convenient to ratify the Cortes-Arosemena treaty.

The minister returned to Bogota on January 15, 1913, and at once proceeded to carry out his instructions.

The foregoing constituted the complete program of the extreme limits to which, in the judgment of the department, the Government of the United States would be justified, from any point of view, in going in the rather extraordinary efforts thus undertaken to eliminate once for all all causes of friction, whether justified or not, between the two countries.

The lease of Colombia's rights in two small Caribbean Islands was included as a possible safeguard in the matter of canal defense and for the purpose, regardful of Colombia's dignity, of clothing the discussion with a larger aspect

of mutuality of consideration. The option for an interoceanic canal through Colombian territory where there has been, from time to time, recrudescent discussion of such a possible canal project in the Atrato region was introduced in accordance with the same policy which actuated the Government of the United States in encouraging the recent convention with Nicaragua, although the probability of such an undertaking in that region is regarded as far more remote than is true with reference to the Nicaraguan route. In pursuance of the same broad policy of setting at rest once for all all talk of any rival interoceanic canal not controlled by the United States, the department was convinced of the desirability of such a convention, which, like the lease of the islands above mentioned, offered further opportunity to give semblance of consideration for the payment proposed.

The remainder of the program is quite simple and offers to give to Colombia all the advantages given by the tripartite treaties and in a manner most considerate of the present Colombian feeling toward the Republic of Panama, while, at the same time, as is of paramount necessity, jealously guarding the fixed rights and interests of the United States, which, of course, could not be permitted to be called in question.

On January 20, Mr. Du Bois had a preliminary conversation with the President of Colombia and informally discussed with him the first alternative of the program, viz., that including the ratification by Colombia of the tripartite treaties. He was informed by the President that he could not and would not consent to recommend to the Colombian Congress ratification of the Arosemena-Cortes treaty. In reply to an inquiry from the minister whether he should proceed to offer the second alternative, he was informed by the Secretary of State that he could do so if and when he was absolutely satisfied that the decision of the Colombian President was final, it being understood that the United States could not consider any other or further concession than indicated in the second form of the program.

The minister then proceeded further with his conversations, and on January 27, 1913, telegraphed to the Secretary of State that the proposition for the perpetual lease of the islands of Old Providence and St. Andrews was embarrassing to the Colombian Government, being regarded as practically a sale of the islands, which could not be ratified. Inquiry was made by the minister for his information and guidance whether a liberal option for coaling, airship, and wireless stations on one or both of the islands, together with a 60-year option on the Atrato Canal route would be acceptable to the United States. The minister in reply was cautioned to avoid making any proposals, which should logically come from the Government of Colombia, but was informed that if he could assure the Department of State that that Government would accept and the Colombian Congress ratify the agreement, without seeking any additional concessions, should this Government be willing to accept coaling stations instead of the perpetual lease of the islands, the proposal would be considered. With respect to placing a time limit on the canal-route option he was instructed that he should discourage positively any thought on the part of Colombia that a 60-year term would be acceptable if the United States were to pay any such figure as was named in his instructions.

The next information received from the minister was contained in a telegram, dated January 31, 1913, and was to the effect that the Colombian Government seemed determined to treat with the incoming Democratic administration.

These friendly, considerate, and conciliatory efforts to put the relations between the United States and Colombia on a more cordial basis having thus

failed, the minister at Bogota was instructed by telegraph on February 7, 1913, to drop the matter after communicating to the Colombian President a personal note as follows:

> Although your excellency will doubtless appreciate that those intimations which I have been able to give of the nature of a proposal which, if made by Colombia, would be considered by my Government naturally had reference only to the time at which I had the honor to make them, nevertheless, in order to avoid even a remote possibility of misunderstanding, I am directed to make it entirely clear to your excellency that nothing which has transpired in these purely personal and informal conversations is to be regarded as any indication of what may be the future disposition of the Government of the United States or as committing my Government in any respect whatever, my efforts to arrive at some definite conclusion having, to my regret, come to naught.

The minister has informed the department that after final discussion he has presented a note in the above sense.

The most recent telegrams from the minister show that quite aside from his instructions and acting upon his personal responsibility, Mr. Du Bois, as a matter of curiosity, sounded the Colombian Government still further in order to elicit a clearer idea of its pretentions. It was intimated to the minister that if the Colombian Government would make proposals in accordance with his informal suggestions a revolution would, in its opinion, result.

Continuing in his evident personal desire to sound, if possible, the limits of Colombian pretentions, the minister also inquired whether an offer of $10,000,000 without the considerations which had been suggested would be acceptable. To this he was informed that it would not; that all his suggestions fell short by far of what Colombia could accept. To his inquiry, what terms Colombia would accept, the reply was: "The arbitration of the whole Panama question or a direct proposition from the United States to compensate Colombia for all the moral, physical, and financial losses sustained by it because of the separation of Panama." This, it was intimated, was the last word of the Colombian Government.

The very latest telegram from Mr. Du Bois shows that in a subsequent interview he took it upon himself informally to ask whether if the United States should, without requesting options or privileges of any kind, offer Colombia $25,000,000, its good offices with Panama, the arbitration of the question of reversionary rights in the Panama Railway, and preferential rights of the canal, the Government would accept; to which he was answered in the negative.

Included in this most recent telegraphic correspondence is a statement of the impression of the legation at Bogota that the Colombian Government cherishes the expectation that the incoming administration will arbitrate the entire Panama question, or will directly compensate Colombia for the value of the territory of Panama, the Panama Railway, the railroad annuities, and the contract with the French Canal Co.

I merely mention the results of these personal inquiries made by Mr. Du Bois, as I have said, in his personal capacity and without any authority, because they throw so much light upon the Colombian obsession with regard to this whole subject. This attitude resulting in the rebuff of generous overtures by the United States is undoubtedly due in a great measure to a radical misconception of real public opinion in the United States, engendered probably by reiterated criticism in certain uninformed quarters leveled at the policy of this Government at the very time it was bending every effort to adjust its relations with Colombia and required for such adjustment an atmosphere of calm instead of one of captious attack and unreasoning encouragement of an arbitrary attitude on the part of the foreign country with which it was dealing.

Feeling that this Government has made every effort consistent with the

honor, dignity, and interests of the United States in its sincere aim to bring about a state of better feeling on the part of the Government of Colombia, it is with regret that I have to report that these efforts are thus far still met by a desire for impossible arbitrations, and so have proved unavailing unless, indeed, they may yet prove fruitful in the course of time of a more reasonable and friendly attitude on the part of Colombia.

Meanwhile, the Government of Colombia would appear to have closed the door to any further overtures on the part of the United States.

P. C. KNOX, *Secretary.*

SPECIAL MESSAGE.

[Transmitting plan of reorganization of the Customs Service and detailed estimate of expenses of the same.]

THE WHITE HOUSE, *March 4, 1913.*

To the Senate and House of Representatives:

Whereas, by virtue of the provision of chapter 355 of the acts of 1912, approved August 24, 1912, being "An act making appropriations for sundry civil expenses of the Government for the fiscal year ending June thirtieth, nineteen hundred and thirteen, and for other purposes," I was authorized to reorganize the customs service and cause estimates to be submitted therefor on account of the fiscal year 1914, reducing the total cost of said service for said fiscal year by an amount not less than $350,000, and I was further authorized in making such reorganization and reduction in expenses to abolish or consolidate collection districts, ports and subports of entry and delivery, to discontinue needless offices and employments, to reduce excessive rates of compensation below amounts fixed by law or Executive order, and to do all such other and further things that in my judgment may be necessary to make such reorganization effective and within the said limit of cost; and

Whereas it was further provided that such reorganization should be communicated to Congress at its next regular session and should constitute for the fiscal year 1914, and until otherwise provided by Congress, the permanent organization of the customs service: Now, therefore,

It is hereby ordered and communicated that the following plan shall be the organization of the customs service for the said fiscal year 1914, and unless otherwise provided by Congress the permanent organization of the custom service:

In lieu of all customs-collection districts, ports, and subports of

entry and ports of delivery now or heretofore existing there shall be forty-nine customs-collection districts and ports of entry as follows:

1—Maine and New Hampshire. 2—Eastern Vermont. 3—Western Vermont. 4—Massachusetts. 5—Rhode Island. 6—Connecticut. 7—St. Lawrence. 8—Rochester. 9—Buffalo. 10—New York. 11—Philadelphia. 12—Pittsburgh 13—Maryland. 14—Virginia. 15—North Carolina. 16—South Carolina. 17—Georgia. 18—Florida. 19—Mobile. 20—New Orleans. 21—Sabine. 22—Galveston. 23—Laredo. 24—El Paso. 25—Eagle Pass. 26—Arizona. 27—Southern California. 28—San Francisco. 29—Oregon. 30—Washington. 31—Alaska. 32—Hawaii. 33—Montana and Idaho. 34—Dakota. 35—Minnesota. 36—Duluth and Superior. 37—Wisconsin. 38—Michigan. 39—Chicago. 40—Indiana. 41—Ohio. 42—Kentucky. 43—Tennessee. 44—Iowa. 45—St. Louis. 46—Omaha. 47—Colorado. 48—Utah and Nevada. 49—Porto Rico.

SUMMARY OF EXPENDITURES:

For compensation (including salaries of the Board of General Appraisers)	$9,597,017.10
For rents and contingent expenses	699,132.00
Salaries and expenses of special agents, special inspectors, customs agents, and confidential agents	318,616.91
Printing and stationery	37,000.00
Witnesses before Board of General Appraisers	5,000.00
Miscellaneous expenses on direct settlement	25,000.00
	$10,681,766.01
Deduct for difference between detailed estimates and actual expenditures by reason of vacancies, suspensions, etc. (The difference between the detailed estimates and the actual expenditures for the past three years has averaged, approximately, $300,000 per year)	300,000.00
	$10,381,766.01

WM. H. TAFT.

VETO MESSAGE.

[Transmitting to the House of Representatives, without approval, "An act making appropriations for the sundry civil expenses of the Government for the fiscal year ending June 30, 1914, and for other purposes."]

THE WHITE HOUSE, *March 4, 1913.*

To the House of Representatives:

I return without my approval the bill H. R. 28775, being "An act making appropriations for the sundry civil expenses of the Government for the fiscal year ending June 30, 1914, and for other purposes."

My reasons for failing to approve this important appropriation bill are found in a provision which has been added to that appropriating

$300,000 for the enforcement of the antitrust laws in the following language:

> *Provided, however,* That no part of this money shall be spent in the prosecution of any organization or individual for entering into any combination or agreement having in view the increasing of wages, shortening of hours or bettering the condition of labor, or for any act done in furtherance thereof not in itself unlawful; *Provided further,* That no part of this appropriation shall be expended for the prosecution of producers of farm products and associations of farmers who cooperate and organize in an effort to and for the purpose to obtain and maintain a fair and reasonable price for their products.

This provision is class legislation of the most vicious sort. If it were enacted as substantive law and not merely as a qualification upon the use of moneys appropriated for the enforcement of the law, no one, I take it, would doubt its unconstitutionality. A similar provision in the laws of the State of Illinois was declared by the Supreme Court to be an invasion of the guaranty of the equal protection of the laws contained in the fourteenth amendment of the Constitution of the United States in the case of Connelly *v.* Union Sewer Pipe Co. (184 U. S., 540), although the only exception in that instance from the illegality of organizations and combinations, etc., declared by that statute, was one which exempted agriculturists and live stock raisers in respect of their products or live stock in hand from the operation of the law leaving them free to combine to do that which, if done by others, would be a crime against the State.

The proviso is subtly worded so as in a measure to conceal its full effect by providing that no part of the money appropriated shall be spent in the prosecution of any organization or individual " for entering into any combination or agreement *having in view* the increasing of wages, shortening of hours, or bettering the condition of labor, * * * etc." So that any organization formed with the beneficent purpose described in the proviso might later engage in a conspiracy to destroy by force, violence, or unfair means any employer or employees who failed to conform with its requirements, and yet because of its originally avowed lawful purpose it would be exempt from prosecution so far as prosecution depended upon the moneys appropriated by this act, no matter how wicked, how cruel, how deliberate the acts of which it was guilty. So, too, by the following sentence in the act, such an organization would be protected from prosecution " for any act done in furtherance " of " the increasing of wages, shortening of hours, or bettering the condition of labor," not in itself unlawful. But under the law of criminal conspiracy acts lawful in themselves may become the weapons whereby an unlawful purpose is carried out and accomplished. (Shawnee Compressed Coal *v.* Anderson, 209 U. S., 423–434; Aikens *v.*

Wisconsin, 195 U. S., 194–206; Swift *v.* United States, 196 U. S., 375–396; U. S. *v.* Reading Company, Dec. 16, 1912.)

The further proviso that the appropriation shall not be used in the prosecution of producers of farm products and associations of farmers who cooperate and organize in an effort to obtain and maintain a fair and reasonable price for their products is apparently designed to encourage or, at least, to discourage the prosecutions of organizations having for their purpose the artificial enhancement of the prices of food products, and thus to avoid the effect of the construction given to the antitrust law in the case of United States *v.* Patten, decided January 6, 1913.

At a time when there is widespread complaint of the high cost of living it certainly would be anomalous to put on the statute books of the United States an act in effect preventing the prosecution of combinations of producers of farm products for the purpose of artificially controlling prices; and the evil is not removed, although it may be masked, by referring to the purpose of the organization as "to obtain and maintain *a fair and reasonable price* for their products."

An amendment almost in the language of this proviso, so far as it refers to organizations for the increasing of wages, etc., was introduced in the Sixty-first Congress, passed the House, was rejected in the Senate, and after a very full discussion in the House failed of enactment. Representative Madison, speaking in favor of the amendment which struck out the proviso, characterized it as an attempt "to write into the law so far as this particular measure is concerned, a legalization of the secondary boycott. * * * The laws of this country," he pointed out, "are liberal to the workingman. He can strike, he can agree to strike, he can act under a leader in a strike, and he can apply the direct boycott; but when it comes to going further and so acting as to impede and obstruct the natural and lawful course of trade in this country, then the law says he shall stop. And all in the world that this antitrust act does is to apply to him that simple and proper rule that he, too, as well as the creators of trusts and monopolies, shall not obstruct the natural and ordinary course of trade in the United States of America." "I believe," he added, "in the high aims, motives, and patriotism of the American workingmen and do not believe that rightly understanding this amendment they would ask us to write it into the law of this Republic." (Congressional Record, p. 8850, 61st Cong., 2d sess.)

It is because I am unwilling to be a party to writing such a provision into the laws of this Republic that I am unable to give my assent to a bill which contains this provision.

WM. H. TAFT.

Woodrow Wilson

March 4, 1913—

Messages, Proclamations, Executive Orders, and Addresses to Congress and the People

SEE ENCYCLOPEDIC INDEX.

The Encyclopedic Index is not only an index to the other volumes, not only a key that unlocks the treasures of the entire publication, but it is in itself an alphabetically arranged brief history or story of the great controlling events constituting the History of the United States.

Under its proper alphabetical classification the story is told of every great subject referred to by any of the Presidents in their official Messages, and at the end of each article the official utterances of the Presidents themselves are cited upon the subject, so that you may readily turn to the page in the body of the work itself for this original information.

Next to the possession of knowledge is the ability to turn at will to where knowledge is to be found.

Woodrow Wilson

Woodrow Wilson

Thomas Woodrow Wilson, twenty-eighth President of the United States, was known as a jurist, educator, historian, and man of letters before entering political life. He was born in Staunton, Va., Dec. 28, 1856. His mother, Jessie Woodrow, was a native of Carlisle, England. His father, Joseph R., a well-known minister of the Presbyterian Church South, was born in Steubenville, Ohio, of Scotch ancestry. Woodrow Wilson was educated at Davidson College, in North Carolina, and in the private schools of Augusta, Ga., and Columbia, S. C., and received his collegiate training at Princeton University, where he was graduated in 1879. After a course in law at the University of Virginia he was admitted to the bar and practised before the courts in Atlanta, Ga. (1882–83), and then entered Johns Hopkins University as a special student in history and politics; in 1885 became instructor in history and politics at Bryn Mawr College (Pa.); in 1888 a member of the faculty of Wesleyan University, Middletown, Conn., and in 1890 accepted the chair of jurisprudence at Princeton. Married, June 24, 1885, Helen Louise Axson, of Savannah, Ga.

Wilson's eminent scholarship was attested by the degrees A.B. (Princeton, 1879); A.M. (Princeton, 1882); LL.B. (U. of Va., 1882); Ph.D. (Johns Hopkins, 1886); LL.D. (Wake Forest, 1887; Tulane, 1898; Johns Hopkins, 1902; Rutgers, 1902; U. of Pa., 1903; Brown, 1903; Harvard, 1907; Williams, 1908; Dartmouth, 1909); Litt.D. (Yale, 1901). His literary reputation rests upon "Congressional Government: a Study in American Politics," published in 1885, while a student at Johns Hopkins; "The State: Elements of Historical and Practical Politics," a text-book (1888); "An Old Master, and Other Political Essays" (1889); "Division and Reunion, 1829–1889," a sketch of the history of the United States during the period of its greatest development (1893); "Mere Literature," a volume of literary and historical papers (1896); "George Washington," a historical and biographical study (1896); "A History of the American People (5 vols., 1902); "The Free Life" (1908); "Constitutional Government in the United States" (1908); "Civic Problems" (1909). In 1890 he was made professor of jurisprudence and politics at Princeton, which position he held until 1902, when he became president of the University. He was elected Governor of New Jersey in 1910. His prominence as a Democratic State Executive won him the nomination at the national convention in 1912 and he was elected President by a popular vote of 6,293,120, against 3,485,082 for President Taft and 4,119,582 for ex-President Roosevelt. The Electoral College vote was 435 for Wilson, 8 for President Taft and 88 for Roosevelt.

INAUGURAL ADDRESS.

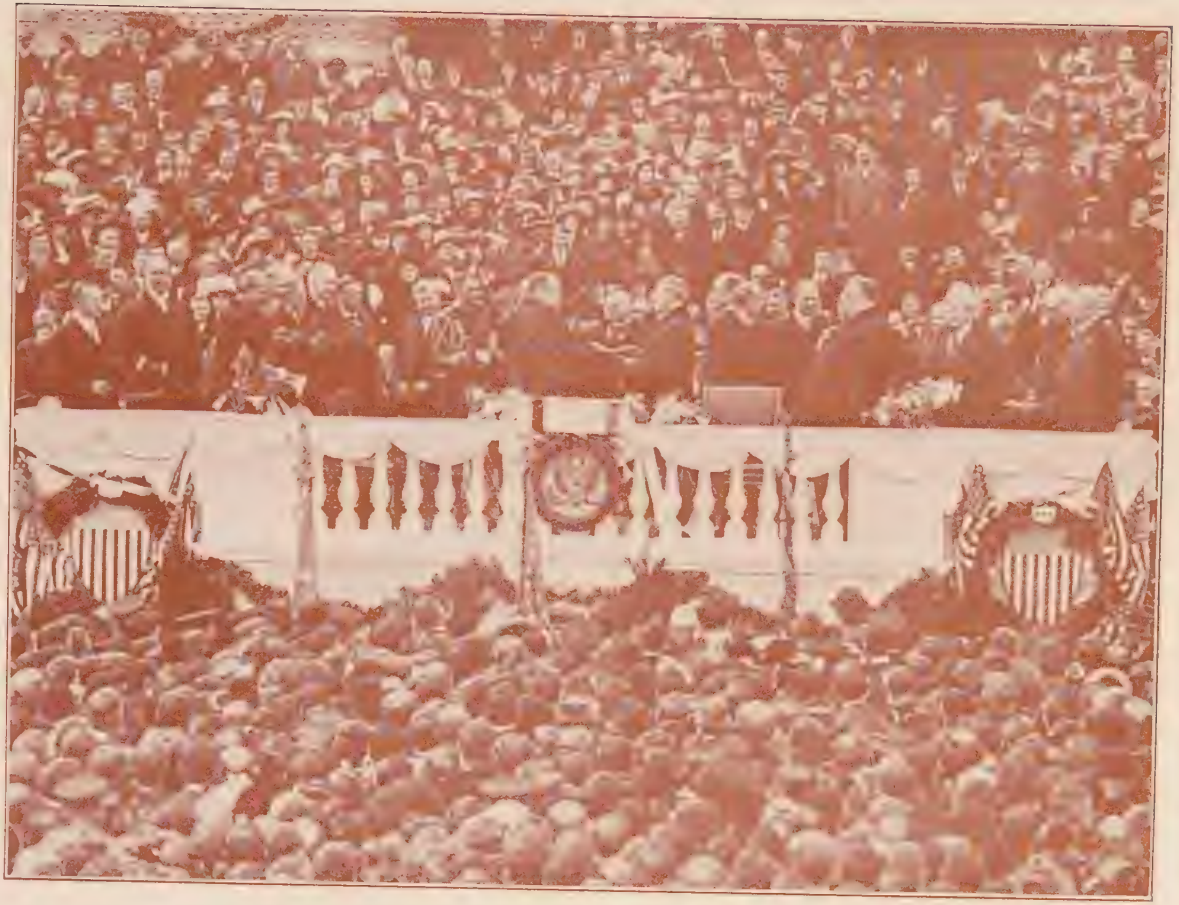
[Delivered at Washington, March 4, 1913.]

There has been a change of government. It began two years ago, when the House of Representatives became Democratic by a decisive majority. It has now been completed. The Senate about to assemble will also be Democratic. The offices of President and Vice-President have been put into the hands of Democrats. What does the change mean? That is the question that is uppermost in our minds to-day. That is the question I am going to try to answer, in order, if I may, to interpret the occasion.

It means much more than the mere success of a party. The success of a party means little except when the Nation is using that party for a large and definite purpose. No one can mistake the purpose for which the Nation now seeks to use the Democratic Party. It seeks to use it to interpret a change in its own plans and point of view. Some old things with which we had grown familiar, and which had begun to creep into the very habit of our thought and of our lives, have altered their aspect as we have latterly looked critically upon them, with fresh, awakened eyes; have dropped their disguises and shown themselves alien and sinister. Some new things, as we look frankly upon them, willing to comprehend their real character, have come to assume the aspect of things long believed in and familiar, stuff of our own convictions. We have been refreshed by a new insight into our own life.

We see that in many things that life is very great. It is incomparably great in its material aspects, in its body of wealth, in the diversity and sweep of its energy, in the industries which have been conceived and built up by the genius of individual men and the limitless enterprise of groups of men. It is great, also, very great, in its moral force. Nowhere else in the world have noble men and women exhibited in more striking forms the beauty and the energy of sympathy and helpfulness and counsel in their efforts to rectify wrong, alleviate suffering, and set the weak in the way of strength and hope. We have built up, moreover, a great system of government, which has stood through a long age as in many respects a model for those who seek to set liberty upon foundations that will endure against fortuitous change, against storm and accident. Our life contains every great thing, and contains it in rich abundance.

But the evil has come with the good, and much fine gold has been corroded. With riches has come inexcusable waste. We have squandered a great part of what we might have used, and have not stopped to conserve the exceeding bounty of nature, without which our genius for enterprise would have been worthless and impotent, scorning to be



THE INAUGURATION OF WOODROW WILSON

careful, shamefully prodigal as well as admirably efficient. We have been proud of our industrial achievements, but we have not hitherto stopped thoughtfully enough to count the human cost, the cost of lives snuffed out, of energies overtaxed and broken, the fearful physical and spiritual cost to the men and women and children upon whom the dead weight and burden of it all has fallen pitilessly the years through. The groans and agony of it all had not yet reached our ears, the solemn, moving undertone of our life, coming up out of the mines and factories and out of every home where the struggle had its intimate and familiar seat. With the great Government went many deep secret things which we too long delayed to look into and scrutinize with candid, fearless eyes. The great Government we loved has too often been made use of for private and selfish purposes, and those who used it had forgotten the people.

At last a vision has been vouchsafed us of our life as a whole. We see the bad with the good, the debased and decadent with the sound and vital. With this vision we approach new affairs. Our duty is to cleanse, to reconsider, to restore, to correct the evil without impairing the good, to purify and humanize every process of our common life without weakening or sentimentalizing it. There has been something crude and heartless and unfeeling in our haste to succeed and be great. Our thought has been "Let every man look out for himself, let every generation look out for itself," while we reared giant machinery which made it impossible that any but those who stood at the levers of control should have a chance to look out for themselves. We had not forgotten our morals. We remembered well enough that we had set up a policy which was meant to serve the humblest as well as the most powerful, with an eye single to the standards of justice and fair play, and remembered it with pride. But we were very heedless and in a hurry to be great.

We have come now to the sober second thought. The scales of heedlessness have fallen from our eyes. We have made up our minds to square every process of our national life again with the standards we so proudly set up at the beginning and have always carried at our hearts. Our work is a work of restoration.

We have itemized with some degree of particularity the things that ought to be altered and here are some of the chief items: A tariff which cuts us off from our proper part in the commerce of the world, violates the just principles of taxation, and makes the Government a facile instrument in the hands of private interests; a banking and currency system based upon the necessity of the Government to sell its bonds fifty years ago and perfectly adapted to concentrating cash and restricting credits; an industrial system which, take it on all its sides, financial as well as administrative, holds capital in leading strings,

restricts the liberties and limits the opportunities of labor, and exploits without renewing or conserving the natural resources of the country; a body of agricultural activities never yet given the efficiency of great business undertakings or served as it should be through the instrumentality of science taken directly to the farm, or afforded the facilities of credit best suited to its practical needs; watercourses undeveloped, waste places unreclaimed, forests untended, fast disappearing without plan or prospect of renewal, unregarded waste heaps at every mine. We have studied as perhaps no other nation has the most effective means of production, but we have not studied cost or economy as we should either as organizers of industry, as statesmen, or as individuals.

Nor have we studied and perfected the means by which government may be put at the service of humanity, in safeguarding the health of the Nation, the health of its men and its women and its children, as well as their rights in the struggle for existence. This is no sentimental duty. The firm basis of government is justice, not pity. These are matters of justice. There can be no equality or opportunity, the first essential of justice in the body politic, if men and women and children be not shielded in their lives, their very vitality, from the consequences of great industrial and social processes which they can not alter, control, or singly cope with. Society must see to it that it does not itself crush or weaken or damage its own constituent parts. The first duty of law is to keep sound the society it serves. Sanitary laws, pure food laws, and laws determining conditions of labor which individuals are powerless to determine for themselves are intimate parts of the very business of justice and legal efficiency.

These are some of the things we ought to do, and not leave the others undone, the old-fashioned, never-to-be-neglected, fundamental safeguarding of property and of individual right. This is the high enterprise of the new day: To lift everything that concerns our life as a Nation to the light that shines from the hearthfire of every man's conscience and vision of the right. It is inconceivable that we should do this as partisans; it is inconceivable we should do it in ignorance of the facts as they are or in blind haste. We shall restore, not destroy. We shall deal with our economic system as it is and as it may be modified, not as it might be if we had a clean sheet of paper to write upon; and step by step we shall make it what it should be, in the spirit of those who question their own wisdom and seek counsel and knowledge, not shallow self-satisfaction or the excitement of excursions whither they can not tell. Justice, and only justice, shall always be our motto.

And yet it will be no cool process of mere science. The Nation has been deeply stirred, stirred by a solemn passion, stirred by the knowl-

edge of wrong, of ideals lost, of government too often debauched and made an instrument of evil. The feelings with which we face this new age of right and opportunity sweep across our heartstrings like some air out of God's own presence, where justice and mercy are reconciled and the judge and the brother are one. We know our task to be no mere task of politics but a task which shall search us through and through, whether we be able to understand our time and the need of our people, whether we be indeed their spokesmen and interpreters, whether we have the pure heart to comprehend and the rectified will to choose our high course of action.

This is not a day of triumph; it is a day of dedication. Here muster, not the forces of party, but the forces of humanity. Men's hearts wait upon us; men's lives hang in the balance; men's hopes call upon us to say what we will do. Who shall live up to the great trust? Who dares fail to try? I summon all honest men, all patriotic, all forward-looking men, to my side. God helping me, I will not fail them, if they will but counsel and sustain me!

ADDRESS.

[Delivered in the chamber of the House of Representatives at a joint session of the two Houses of Congress at the beginning of the First Session (special) of the Sixty-third Congress, April 8, 1913.]

Mr. Speaker, Mr. President, Gentlemen of the Congress:

I am very glad indeed to have this opportunity to address the two Houses directly and to verify for myself the impression that the President of the United States is a person, not a mere department of the Government hailing Congress from some isolated island of jealous power, sending messages, not speaking naturally and with his own voice—that he is a human being trying to cooperate with other human beings in a common service. After this pleasant experience I shall feel quite normal in all our dealings with one another.

I have called the Congress together in extraordinary session because a duty was laid upon the party now in power at the recent elections which it ought to perform promptly, in order that the burden carried by the people under existing law may be lightened as soon as possible and in order, also, that the business interests of the country may not be kept too long in suspense as to what the fiscal changes are to be to which they will be required to adjust themselves. It is clear to the whole country that the tariff duties must be altered. They must be changed to meet the radical alteration in the conditions of our economic life which the country has witnessed within the last generation. While

the whole face and method of our industrial and commercial life were being changed beyond recognition the tariff schedules have remained what they were before the change began or have moved in the direction they were given when no large circumstance of our industrial development was what it is to-day. Our task is to square them with the actual facts. The sooner that is done the sooner we shall escape from suffering from the facts and the sooner our men of business will be free to thrive by the law of nature (the nature of free business) instead of by the law of legislation and artificial arrangement.

We have seen tariff legislation wander very far afield in our day—very far indeed from the field in which our prosperity might have had a normal growth and stimulation. No one who looks the facts squarely in the face or knows anything that lies beneath the surface of action can fail to perceive the principles upon which recent tariff legislation has been based. We long ago passed beyond the modest notion of "protecting" the industries of the country and moved boldly forward to the idea that they were entitled to the direct patronage of the Government. For a long time—a time so long that the men now active in public policy hardly remember the conditions that preceded it—we have sought in our tariff schedules to give each group of manufacturers or producers what they themselves thought that they needed in order to maintain a practically exclusive market as against the rest of the world. Consciously or unconsciously, we have built up a set of privileges and exemptions from competition behind which it was easy by any, even the crudest, forms of combination to organize monopoly; until at last nothing is normal, nothing is obliged to stand the tests of efficiency and economy, in our world of big business, but everything thrives by concerted arrangement. Only new principles of action will save us from a final hard crystallization of monopoly and a complete loss of the influences that quicken enterprise and keep independent energy alive.

It is plain what those principles must be. We must abolish everything that bears even the semblance of privilege or of any kind of artificial advantage, and put our business men and producers under the stimulation of a constant necessity to be efficient, economical, and enterprising, masters of competitive supremacy, better workers and merchants than any in the world. Aside from the duties laid upon articles which we do not, and probably can not, produce, therefore, and the duties laid upon luxuries and merely for the sake of the revenues they yield, the object of the tariff duties henceforth laid must be effective competition, the whetting of American wits by contest with the wits of the rest of the world.

It would be unwise to move toward this end headlong, with reckless haste, or with strokes that cut at the very roots of what has grown

up amongst us by long process and at our own invitation. It does not alter a thing to upset it and break it and deprive it of a chance to change. It destroys it. We must make changes in our fiscal laws, in our fiscal system, whose object is development, a more free and wholesome development, not revolution or upset or confusion. We must build up trade, especially foreign trade. We need the outlet and the enlarged field of energy more than we ever did before. We must build up industry as well, and must adopt freedom in the place of artificial stimulation only so far as it will build, not pull down. In dealing with the tariff the method by which this may be done will be a matter of judgment, exercised item by item. To some not accustomed to the excitements and responsibilities of greater freedom our methods may in some respects and at some points seem heroic, but remedies may be heroic and yet be remedies. It is our business to make sure that they are genuine remedies. Our object is clear. If our motive is above just challenge and only an occasional error of judgment is chargeable against us, we shall be fortunate.

We are called upon to render the country a great service in more matters than one. Our responsibility should be met and our methods should be thorough, as thorough as moderate and well considered, based upon the facts as they are, and not worked out as if we were beginners. We are to deal with the facts of our own day, with the facts of no other, and to make laws which square with those facts. It is best, indeed it is necessary, to begin with the tariff. I will urge nothing upon you now at the opening of your session which can obscure that first object or divert our energies from that clearly defined duty. At a later time I may take the liberty of calling your attention to reforms which should press close upon the heels of the tariff changes, if not accompany them, of which the chief is the reform of our banking and currency laws; but just now I refrain. For the present, I put these matters on one side and think only of this one thing—of the changes in our fiscal system which may best serve to open once more the free channels of prosperity to a great people whom we would serve to the utmost and throughout both rank and file.

I thank you for your courtesy.

CALIFORNIA'S ALIEN LAND LAW.

The California Legislature in 1913 was subjected to much criticism by citizens of other States on account of the introduction of a bill, the principal provisions of which were:

No alien who is ineligible to citizenship shall be permitted to acquire and hold land in California for a period of more than one year after the date of such acquisition.

No corporation, the majority of stock of which is held by aliens who are ineligible to citizenship, shall be permitted to acquire and hold land except for one year.

Governor Hiram Johnson, in answer to the criticism, said:

"Californians are unable to understand why an act admittedly within the jurisdiction of the California Legislature, like the passage of an alien land bill, creates tumult, confusion, and criticism, and why this local act of undoubted right becomes an international question. Of course, the California Legislature would not attempt to contravene any treaty of the Nation, nor to do more than has been done by the Federal Government itself and many other States.

"Our Legislature is now considering an alien land bill in general language and not discriminatory. If terms are used which are claimed to be discriminatory, those very terms long since were made so by many enactments and by the laws of the Nation itself. Broadly speaking, many States have endeavored to prevent the ownership of land by those ineligible to citizenship.

"The United States by statute provided that no alien or person who is not a citizen of the United States, or who has not declared his intention to become a citizen of the United States, shall acquire title to land, etc., and relative to the District of Columbia the United States statutes contain the same inhibition.

"Arizona in 1912 passed an act that no person other than a citizen of the United States, or who had declared his intention to become such, shall hereafter acquire any land, etc.

"The State of Washington prevented the acquisition or holding of lands by those who are 'incapable of becoming citizens of the United States.'

"Illinois has enacted that an alien may hold title for the period of six years, and then, if he shall not have become a citizen of the United States, proceedings shall be commenced for the sale of the land, and the proceeds shall go to the State.

"Minnesota provides that no person, unless he be a citizen of the United States, or has declared his intention to become a citizen, shall acquire land.

"Missouri has a similar enactment. Kentucky, Oklahoma, and Texas all have laws of like character.

"Japan, until 1910, had an absolute law against alien ownership and in effect has it yet. What the United States Government has done, what has been done by many States of the Union, what has been done by Japan, all of which admittedly has been done in pursuance of unquestioned power and undoubted right—is now attempted to be done by the State of California, and no reason can logically exist for sundering friendly relations with any power, or for offense and threats by any nation.

"The character of the present California Legislature is the guarantee that only legislation deemed absolutely essential for the preservation of the State and the protection of its people—legislation having its precedent in the enactments of the National Government and the various States—will be passed. And such measures as may be enacted will be considered thoroughly, calmly, judicially and without prejudice or discrimination."

Senator Isidor Rayner on December 12, 1906, speaking to a resolution he had introduced declaring it to be the opinion of the Senate that there was no provision in the treaty between the United States and Japan that related to or in any manner interfered with the right of the State of California to conduct and administer its system of public schools in accordance with its own legislation, said:

"I admit that the United States can enter into any treaty with any foreign power in reference to any subject embraced in the Constitution. I deny, how-

ever, that it possesses any inherent right to make a treaty, and I claim that the treaty-making power lies in grant and not in sovereignty and must be construed in pari materia with all the other clauses of the instrument that must be governed by the principles of international law, its usages, and its practices, as those principles, usages, and practices appertain to our form of constitutional government. I utterly deny that we have any right to make a treaty that violates the Constitution or deprives the States of their reserved rights to conduct their local affairs, over which the Federal Government has no jurisdiction, and which they alone have the right to administer according to their own constitutions and statutes."

This resolution had particular reference to the exclusion of Japanese from the public schools of California, which gave rise at that time to international complications.

Applying Senator Rayner's argument to the present situation, the contention would be that if the existing treaty between the United States and Japan interferes with the right vested in the State of California to make its own land laws, then that treaty is unconstitutional and cannot be enforced.

The importance of the proposed alien land legislation by the State of California was emphasized by an appeal from the President of the United States to the Governor of California as follows:

LETTER TO GOVERNOR OF CALIFORNIA.

WASHINGTON, D. C., *April 22, 1913.*

I speak upon the assumption, which I am sure is well founded, that the people of California do not desire their Representatives—and that their Representatives do not wish or intend—in any circumstances to embarrass the Government of the United States in its dealings with a nation with whom it has most earnestly and cordially sought to maintain relations of genuine friendship and good will, and that least of all do they desire to do anything that might impair treaty obligations or cast a doubt upon the honor and good faith of the Nation and its Government.

I therefore appeal with the utmost confidence to the people, the Governor, and the Legislature of California to act in the matter now under consideration in a manner that cannot from any point of view be fairly challenged or called in question. If they deem it necessary to exclude all aliens who have not declared their intentions to become citizens from the privileges of land ownership they can do so along lines already followed in the laws of many of the other States and of many foreign countries, including Japan herself. Insidious discrimination will inevitably draw in question the treaty obligations of the Government of the United States.

I register my very earnest and respectful protest against discrimination in this case, not only because I deem it my duty to do so as the Chief Executive of the Nation, but also, and the more readily, because I believe the people and the legislative authorities of California will generously respond the moment the matter is frankly presented to

them as a question of National policy and of National honor. If they have ignored this point of view, it is, I am sure, because they did not realize what and how much was involved.

WOODROW WILSON.

Gov. Johnson's message to the President in reply was as follows:

SACRAMENTO, CAL., *April 22, 1913.*

The President, Washington, D. C.:

Immediately upon receipt of your telegram of this date, it was transmitted to both houses of the Legislature. I think I may assure you it is the desire of the majority of the members of the Legislature to do nothing in the matter of alien land bills that shall be embarrassing to our own Government or offensive to any other. It is the design of these legislators specifically to provide in any act that nothing therein shall be construed as affecting or impairing any rights secured by treaty, although from the legal standpoint this is deemed unnecessary.

If any act be passed, it will be general in character relating to those who are ineligible to citizenship, and the language employed will be that which has its precedent and sanction in statutes which now exist upon the subject.

I speak, I think, for the majority of the Senate of California; certainly I do for the voting power of the State, when I convey to you our purpose to cooperate fully and heartily with the National Government and to do only that which is admittedly within our province without intended offense or invidious discrimination.

HIRAM W. JOHNSON.

Secretary of State Bryan was sent by the President to California to counsel with the State authorities, and at a conference of the Governor, the Lieutenant-Governor and the members of the Legislature Mr. Bryan delivered the views of President Wilson on the proposed alien land legislation. The Secretary said California might exercise the fullness of her right as a State and enact a rigid law barring Orientals from land ownership, but such action would be against the wishes of the National Administration.

The Secretary of State counseled delay, and as various alternatives suggested that a new treaty with Japan might be sought; that a commission might be appointed to investigate the alien situation with the aid of the President, and finally that if an alien land law seemed imperative its terms should not be such as to give offense.

A compromise measure which had been drafted by Attorney General Webb at Governor Johnson's suggestion, dropped the phrase "ineligible to citizenship," which was declared by Secretary Bryan to be odious to the Japanese. The principal features of the bill were as follows:

1. All aliens eligible to citizenship may acquire and hold land in the same manner as citizens of the United States.

2. All other aliens may acquire and hold land "in the manner and to the extent and for the purposes prescribed by any treaty now existing between the Government of the United States and the nation or country of which such alien is a citizen or subject."

3. Corporations composed of aliens other than those who are eligible to citizenship may acquire and hold land only according to the terms of existing treaties.

4. Present holdings of aliens, regardless of their rights of citizenship, are protected.

PRESIDENT WOODROW WILSON AND CABINET

FIRST OFFICIAL PHOTOGRAPH OF PRESIDENT WOODROW WILSON AND HIS CABINET TAKEN IN THE CABINET ROOM AT THE CAPITOL, WASHINGTON, D. C., MARCH 6TH.

In the background from left to right,

President Woodrow Wilson,
William G. McAdoo, Secretary of the Treasury,
Jas. McReynolds, Attorney General,
Josephus Daniels, Secretary of the Navy,
David F. Houston, Secretary of Agriculture,
William B. Wilson, Secretary of Labor,
William C. Redfield, Secretary of Commerce.

In the foreground from left to right,

William Jennings Bryan, Secretary of State,
Lindlay M. Garrison, Secretary of War,
Albert J. Burleson, Postmaster General, and
Franklin K. Lane, Secretary of Interior.

5. The State specifically reserves its sovereign right to enact any and all laws relating to the acquisition or holding of real property by aliens.

In drafting the compromise measure Attorney General Webb worked upon the theory that there could be no objection to writing into the statute the specific limitations of the Japanese treaty of 1911

The bill reaches its purpose in two ways:

First—On the death of an alien land owner the bill provides that his ownership ceases and that the property must be taken over by the Probate Court and sold to the highest bidder. Under its terms an alien cannot bequeath real property except to a citizen. The proceeds from the sale of such land are distributed to the heirs by the court.

Second—No leases whatsoever are permitted. Originally it was planned to permit leases covering a maximum period of three to five years, but the Webb act denies this opportunity for colonization by aliens and provides that any lease of agricultural lands is subject to escheat to the State on the day it is begun. To make this more effective the bill provides that when suit is begun to escheat such leases the court shall appraise the lease, sell the property at a forced sale and pay the value of the lease to the State. The remainder of the proceeds shall go to the citizen owner of the land.

Substantially, it is true that the ineligibility to citizenship of the Japanese and Chinese is the keynote of the Webb bill, said Governor Johnson, and if it is determined by the courts of last resort that these aliens could become citizens, then, of course, they would not be affected by this act.

However, up to this time it never has been suggested that the Japanese were eligible to citizenship, and the language of the federal statutes seems very clear on this point.

By the President of the United States of America:

A PROCLAMATION

[The Preservation and Protection of Fur Seals and Sea Otter.]

Whereas, By the first article of the Convention between the Governments of the United States, Great Britain, Japan and Russia for the preservation and protection of the fur seals and sea otter which frequent the waters of the North Pacific Ocean, concluded at Washington July 7, 1911, it is provided as follows:

The High Contracting Parties mutually and reciprocally agree that their citizens and subjects respectively, and all persons subject to their laws and treaties, and their vessels, shall be prohibited, while this Convention remains in force, from engaging in pelagic sealing in the waters of the North Pacific Ocean, north of the thirtieth parallel of north latitude and including the Seas of Bering, Kamchatka, Okhotsk and Japan, and that every such person and vessel offending against such prohibition may be seized, except within the territorial jurisdiction of one of the other Powers, and detained by the naval or other duly commissioned officers of any of the Parties to this Convention, to be

delivered as soon as practicable to an authorized official of their own nation at the nearest point to the place of seizure, or elsewhere as may be mutually agreed upon; and that the authorities of the nation to which such person or vessel belongs alone shall have jurisdiction to try the offense and impose the penalties for the same; and that the witnesses and proofs necessary to establish the offense, so far as they are under the control of any of the Parties to this Convention, shall also be furnished with all reasonable promptitude to the proper authorities having jurisdiction to try the offense.

And, WHEREAS, By an Act entitled "An Act to give effect to the Convention between the Governments of the United States, Great Britain, Japan and Russia for the preservation and protection of the fur seals and sea otter which frequent the waters of the North Pacific Ocean, concluded at Washington July seventh, nineteen hundred and eleven," approved August 24, 1912, it is provided that the President of the United States shall determine by proclamation when the other parties to said Convention, by appropriate legislation or otherwise, shall have authorized the naval or other officers of the United States, duly commissioned and instructed by the President to that end to arrest, detain, and deliver to the proper officers of such parties, vessels and subjects under their jurisdiction, offending against said Convention or any statute or regulation made by those Governments to enforce said Convention; and that his determination shall be conclusive upon the question.

NOW, THEREFORE, I, WOODROW WILSON, President of the United States of America, by virtue of the power and authority conferred upon me by the said Act approved August 24, 1912, do hereby declare that satisfactory information has been received by me that the Governments of Great Britain, Japan and Russia have authorized the naval or other officers of the United States to arrest, detain, and deliver to the proper officers of such Governments, respectively, all persons and vessels subject to their jurisdiction, offending against said Convention, or against any statute or regulation made by those Governments to enforce its provisions; and I do further declare that from and after the date of this Proclamation any person or vessel subject to the jurisdiction of the United States offending or being about to offend against the prohibitions of said Convention, or of said Act, or of the regulations made thereunder, may be seized and detained by the naval or other duly commissioned officers of any of the parties to the said Convention other than the United States, except within the territorial jurisdiction of one of the other of said parties, on condition, however, that such person or vessel so seized and detained shall be delivered as soon as practicable at the nearest point to the place of seizure, with the witnesses and proofs necessary to establish the offenses so far as they are under the control of such party, to the proper official of the

United States, whose courts alone shall have jurisdiction to try the offense and impose the penalties for the same.

In Witness Whereof I have hereunto set my hand and caused the seal of the United States to be affixed.

Done at the city of Washington this thirty-first day of May, in the year of our Lord one thousand nine hundred and thirteen, and of the Independence of the United States of America the one hundred and thirty-seventh.

[SEAL.]

WOODROW WILSON.

By the President:

W. J. BRYAN, *Secretary of State.*

ADDRESS

[Delivered by President Wilson at a joint session of the two Houses of Congress, June 23, 1913.]

Mr. Speaker, Mr. President, Gentlemen of the Congress:

It is under the compulsion of what seems to me a clear and imperative duty that I have a second time this session sought the privilege of addressing you in person. I know, of course, that the heated season of the year is upon us, that work in these chambers and in the committee rooms is likely to become a burden as the season lengthens, and that every consideration of personal convenience and personal comfort, perhaps, in the cases of some of us, considerations of personal health even, dictate an early conclusion of the deliberations of the session; but there are occasions of public duty when these things which touch us privately seem very small; when the work to be done is so pressing and so fraught with big consequence that we know that we are not at liberty to weigh against it any point of personal sacrifice. We are now in the presence of such an occasion. It is absolutely imperative that we should give the business men of this country a banking and currency system by means of which they can make use of the freedom of enterprise and of individual initiative which we are about to bestow upon them.

We are about to set them free; we must not leave them without the tools of action when they are free. We are about to set them free by removing the trammels of the protective tariff. Ever since the Civil War they have waited for this emancipation and for the free opportunities it will bring with it. It has been reserved for us to give it to them. Some fell in love, indeed, with the slothful security of their dependence upon the Government; some took advantage of the shelter of the nursery to set up a mimic mastery of their own within its walls.

Now both the tonic and the discipline of liberty and maturity are to ensue. There will be some readjustments of purpose and point of view. There will follow a period of expansion and new enterprise, freshly conceived. It is for us to determine now whether it shall be rapid and facile and of easy accomplishment. This it can not be unless the resourceful business men who are to deal with the new circumstances are to have at hand and ready for use the instrumentalities and conveniences of free enterprise which independent men need when acting on their own initiative.

It is not enough to strike the shackles from business. The duty of statesmanship is not negative merely. It is constructive also. We must show that we understand what business needs and that we know how to supply it. No man, however casual and superficial his observation of the conditions now prevailing in the country, can fail to see that one of the chief things business needs now, and will need increasingly as it gains in scope and vigor in the years immediately ahead of us, is the proper means by which readily to vitalize its credit, corporate and individual, and its originative brains. What will it profit us to be free if we are not to have the best and most accessible instrumentalities of commerce and enterprise? What will it profit us to be quit of one kind of monopoly if we are to remain in the grip of another and more effective kind? How are we to gain and keep the confidence of the business community unless we show that we know how both to aid and to protect it? What shall we say if we make fresh enterprise necessary and also make it very difficult by leaving all else except the tariff just as we found it? The tyrannies of business, big and little, lie within the field of credit. We know that. Shall we not act upon the knowledge? Do we not know how to act upon it? If a man can not make his assets available at pleasure, his assets of capacity and character and resource, what satisfaction is it to him to see opportunity beckoning to him on every hand, when others have the keys of credit in their pockets and treat them as all but their own private possession? It is perfectly clear that it is our duty to supply the new banking and currency system the country needs, and it will need it immediately more than it has ever needed it before.

The only question is, When shall we supply it—now, or later, after the demands shall have become reproaches that we were so dull and so slow? Shall we hasten to change the tariff laws and then be laggards about making it possible and easy for the country to take advantage of the change? There can be only one answer to that question. We must act now, at whatever sacrifice to ourselves. It is a duty which the circumstances forbid us to postpone. I should be recreant to my deepest convictions of public obligation did I not press it upon you with solemn and urgent insistence.

The principles upon which we should act are also clear. The country has sought and seen its path in this matter within the last few years—sees it more clearly now than it ever saw it before—much more clearly than when the last legislative proposals on the subject were made. We must have a currency, not rigid as now, but readily, elastically responsive to sound credit, the expanding and contracting credits of everyday transactions, the normal ebb and flow of personal and corporate dealings. Our banking laws must mobilize reserves; must not permit the concentration anywhere in a few hands of the monetary resources of the country or their use for speculative purposes in such volume as to hinder or impede or stand in the way of other more legitimate, more fruitful uses. And the control of the system of banking and of issue which our new laws are to set up must be public, not private, must be vested in the Government itself, so that the banks may be the instruments, not the masters, of business and of individual enterprise and initiative.

The committees of the Congress to which legislation of this character is referred have devoted careful and dispassionate study to the means of accomplishing these objects. They have honored me by consulting me. They are ready to suggest action. I have come to you, as the head of the Government and the responsible leader of the party in power, to urge action now, while there is time to serve the country deliberately and as we should, in a clear air of common counsel. I appeal to you with a deep conviction of duty. I believe that you share this conviction. I therefore appeal to you with confidence. I am at your service without reserve to play my part in any way you may call upon me to play it in this great enterprise of exigent reform which it will dignify and distinguish us to perform and discredit us to neglect.

ADDRESS

[Delivered by President Wilson at Gettysburg, Pa., July 4, 1913.]

Friends and Fellow Citizens:

I need not tell you what the battle of Gettysburg meant. These gallant men in blue and gray sit all about us here. Many of them met upon this ground in grim and deadly struggle. Upon these famous fields and hillsides their comrades died about them. In their presence it were an impertinence to discourse upon how the battle went, how it ended, what it signified! But 50 years have gone by since then, and I crave the privilege of speaking to you for a few minutes of what those 50 years have meant.

What *have* they meant? They have meant peace and union and vigor, and the maturity and might of a great nation. How wholesome and healing the peace has been! We have found one another again as brothers and comrades in arms, enemies no longer, generous friends rather, our battles long past, the quarrel forgotten—except that we shall not forget the splendid valor, the manly devotion of the men then arrayed against one another, now grasping hands and smiling into each other's eyes. How complete the union has become and how dear to all of us, how unquestioned, how benign and majestic, as State after State has been added to this our great family of free men! How handsome the vigor, the maturity, the might of the great Nation we love with undivided hearts; how full of large and confident promise that a life will be wrought out that will crown its strength with gracious justice and with a happy welfare that will touch all alike with deep contentment! We are debtors to those 50 crowded years; they have made us heirs to a mighty heritage.

But do we deem the Nation complete and finished? These venerable men crowding here to this famous field have set us a great example of devotion and utter sacrifice. They were willing to die that the people might live. But their task is done. Their day is turned into evening. They look to us to perfect what they established. Their work is handed on to us, to be done in another way but not in another spirit. Our day is not over; it is upon us in full tide.

Have affairs paused? Does the Nation stand still? Is what the 50 years have wrought since those days of battle finished, rounded out, and completed? Here is a great people, great with every force that has ever beaten in the lifeblood of mankind. And it is secure. There is no one within its borders, there is no power among the nations of the earth, to make it afraid. But has it yet squared itself with its own great standards set up at its birth, when it made that first noble, naive appeal to the moral judgment of mankind to take notice that a government had now at last been established which was to serve men, not masters? It is secure in everything except the satisfaction that its life is right, adjusted to the uttermost to the standards of righteousness and humanity. The days of sacrifice and cleansing are not closed. We have harder things to do than were done in the heroic days of war, because harder to see clearly, requiring more vision, more calm balance of judgment, a more candid searching of the very springs of right.

Look around you upon the field of Gettysburg! Picture the array, the fierce heats and agony of battle, column hurled against column, battery bellowing to battery! Valor? Yes! Greater no man shall see in war; and self-sacrifice, and loss to the uttermost; the high recklessness of exalted devotion which does not count the cost. We

are made by these tragic, epic things to know what it costs to make a nation—the blood and sacrifice of multitudes of unknown men lifted to a great stature in the view of all generations by knowing no limit to their manly willingness to serve. In armies thus marshaled from the ranks of free men you will see, as it were, a nation embattled, the leaders and the led, and may know, if you will, how little except in form its action differs in days of peace from its action in days of war.

May we break camp now and be at ease? Are the forces that fight for the Nation dispersed, disbanded, gone to their homes forgetful of the common cause? Are our forces disorganized, without constituted leaders, and the might of men consciously united because we contend, not with armies, but with principalities and powers and wickedness in high places? Are we content to lie still? Does our union mean sympathy, our peace contentment, our vigor right action, our maturity self-comprehension and a clear confidence in choosing what we shall do? War fitted us for action, and action never ceases.

I have been chosen the leader of the Nation. I can not justify the choice by any qualities of my own, but so it has come about, and here I stand. Whom do I command? The ghostly hosts who fought upon these battlefields long ago and are gone? These gallant gentlemen stricken in years whose fighting days are over, their glory won? What are the orders for them, and who rallies them? I have in my mind another host, whom these set free of civil strife in order that they might work out in days of peace and settled order the life of a great Nation. That host is the people themselves, the great and the small, without class or difference of kind or race or origin; and undivided in interest, if we have but the vision to guide and direct them and order their lives aright in what we do. Our constitutions are their articles of enlistment. The orders of the day are the laws upon our statute books. What we strive for is their freedom, their right to lift themselves from day to day and behold the things they have hoped for, and so make way for still better days for those whom they love who are to come after them. The recruits are the little children crowding in. The quartermaster's stores are in the mines and forests and fields, in the shops and factories. Every day something must be done to push the campaign forward; and it must be done by plan and with an eye to some great destiny.

How shall we hold such thoughts in our hearts and not be moved? I would not have you live even to-day wholly in the past, but would wish to stand with you in the light that streams upon us now out of that great day gone by. Here is the nation God has builded by our hands. What shall we do with it? Who stands ready to act again and always in the spirit of this day of reunion and hope and

patriotic fervor? The day of our country's life has but broadened into morning. Do not put uniforms by. Put the harness of the present on. Lift your eyes to the great tracts of life yet to be conquered in the interest of righteous peace, of that prosperity which lies in a people's heart and outlasts all wars and errors of men. Come, let us be comrades and soldiers yet, to serve our fellow men in quiet counsel, where the blare of trumpets is neither heard nor heeded and where the things are done which make blessed the nations of the world in peace and righteousness and love.

ADDRESS

[Delivered by President Wilson at a joint session of the two Houses of Congress, August 27, 1913.]

Gentlemen of the Congress:

It is clearly my duty to lay before you, very fully and without reservation, the facts concerning our present relations with the Republic of Mexico. The deplorable posture of affairs in Mexico I need not describe, but I deem it my duty to speak very frankly of what this Government has done and should seek to do in fulfillment of its obligation to Mexico herself, as a friend and neighbor, and to American citizens whose lives and vital interests are daily affected by the distressing conditions which now obtain beyond our southern border.

Those conditions touch us very nearly. Not merely because they lie at our very doors. That of course makes us more vividly and more constantly conscious of them, and every instinct of neighborly interest and sympathy is aroused and quickened by them; but that is only one element in the determination of our duty. We are glad to call ourselves the friend of Mexico, and we shall, I hope, have many an occasion, in happier times as well as in these days of trouble and confusion, to show that our friendship is genuine and disinterested, capable of sacrifice and every generous manifestation. The peace, prosperity, and contentment of Mexico mean more, much more, to us than merely an enlarged field for our commerce and enterprise. They mean an enlargement of the field of self-government and the realization of the hopes and rights of a nation with whose best aspirations, so long suppressed and disappointed, we deeply sympathize. We shall yet prove to the Mexican people that we know how to serve them without first thinking how we shall serve ourselves.

But we are not the only friends of Mexico. The whole world desires her peace and progress; and the whole world is interested

LEADING FIGURES IN THE MEXICAN REBELLION OF 1913–14

The upper portrait is that of Victoriano Huerta, who became provisional president after the overthrow and subsequent shooting of Madero. His authority was opposed by Venustiano Carranza, Governor of Coahuila (portrait in center left), leader of the Constitutionalist party. Large forces and bands of guerillas soon overcame Huerta's power in the northern states.

The most active field campaigns were led by Pancho Villa (lower portrait), whose armies were generally successful against the Federals.

as never before. Mexico lies at last where all the world looks on. Central America is about to be touched by the great routes of the world's trade and intercourse running free from ocean to ocean at the Isthmus. The future has much in store for Mexico, as for all the States of Central America; but the best gifts can come to her only if she be ready and free to receive them and to enjoy them honorably. America in particular—America north and south and upon both continents—waits upon the development of Mexico; and that development can be sound and lasting only if it be the product of a genuine freedom, a just and ordered government founded upon law. Only so can it be peaceful or fruitful of the benefits of peace. Mexico has a great and enviable future before her, if only she choose and attain the paths of honest constitutional government.

The present circumstances of the Republic, I deeply regret to say, do not seem to promise even the foundations of such a peace. We have waited many months, months full of peril and anxiety, for the conditions there to improve, and they have not improved. They have grown worse, rather. The territory in some sort controlled by the provisional authorities at Mexico City has grown smaller, not larger. The prospect of the pacification of the country, even by arms, has seemed to grow more and more remote; and its pacification by the authorities at the capital is evidently impossible by any other means than force. Difficulties more and more entangle those who claim to constitute the legitimate government of the Republic. They have not made good their claim in fact. Their successes in the field have proved only temporary. War and disorder, devastation and confusion, seem to threaten to become the settled fortune of the distracted country. As friends we could wait no longer for a solution which every week seemed further away. It was our duty at least to volunteer our good offices—to offer to assist, if we might, in effecting some arrangement which would bring relief and peace and set up a universally acknowledged political authority there.

Accordingly, I took the liberty of sending the Hon. John Lind, formerly governor of Minnesota, as my personal spokesman and representative, to the City of Mexico, *with the following instructions:*

Press very earnestly upon the attention of those who are now exercising authority or wielding influence in Mexico the following considerations and advice:

The Government of the United States does not feel at liberty any longer to stand inactively by while it becomes daily more and more evident that no real progress is being made towards the establishment of a government at the City of Mexico which the country will obey and respect.

The Government of the United States does not stand in the same case with the other great Governments of the world in respect of what

is happening or what is likely to happen in Mexico. We offer our good offices, not only because of our genuine desire to play the part of a friend, but also because we are expected by the powers of the world to act as Mexico's nearest friend.

We wish to act in these circumstances in the spirit of the most earnest and disinterested friendship. It is our purpose in whatever we do or propose in this perplexing and distressing situation not only to pay the most scrupulous regard to the sovereignty and independence of Mexico—that we take as a matter of course to which we are bound by every obligation of right and honor—but also to give every possible evidence that we act in the interest of Mexico alone, and not in the interest of any person or body of persons who may have personal or property claims in Mexico which they may feel that they have the right to press. We are seeking to counsel Mexico for her own good, and in the interest of her own peace, and not for any other purpose whatever. The Government of the United States would deem itself discredited if it had any selfish or ulterior purpose in transactions where the peace, happiness, and prosperity of a whole people are involved. It is acting as its friendship for Mexico, not as any selfish interest, dictates.

The present situation in Mexico is incompatible with the fulfillment of international obligations on the part of Mexico, with the civilized development of Mexico herself, and with the maintenance of tolerable political and economic conditions in Central America. It is upon no common occasion, therefore, that the United States offers her counsel and assistance. All America cries out for a settlement.

A satisfactory settlement seems to us to be conditioned on—

(*a*) An immediate cessation of fighting throughout Mexico, a definite armistice solemnly entered into and scrupulously observed;

(*b*) Security given for an early and free election in which all will agree to take part;

(*c*) The consent of Gen. Huerta to bind himself not to be a candidate for election as President of the Republic at this election; and

(*d*) The agreement of all parties to abide by the results of the election and co-operate in the most loyal way in organizing and supporting the new administration.

The Government of the United States will be glad to play any part in this settlement or in its carrying out which it can play honorably and consistently with international right. It pledges itself to recognize and in every way possible and proper to assist the administration chosen and set up in Mexico in the way and on the conditions suggested.

Taking all the existing conditions into consideration, the Government of the United States can conceive of no reasons sufficient to justify those who are now attempting to shape the policy or exercise the authority of Mexico in declining the offices of friendship thus offered. Can Mexico give the civilized world a satisfactory reason for rejecting our good offices? If Mexico can suggest any better way in which to show our friendship, serve the people of Mexico, and meet our international obligations, we are more than willing to consider the suggestion.

Mr. Lind executed his delicate and difficult mission with singular tact, firmness, and good judgment, and made clear to the authorities

at the City of Mexico not only the purpose of his visit but also the spirit in which it had been undertaken. But the proposals he submitted were rejected, in a note the full text of which I take the liberty of laying before you.

I am led to believe that they were rejected partly because the authorities at Mexico City had been grossly misinformed and misled upon two points. They did not realize the spirit of the American people in this matter, their earnest friendliness and yet sober determination that some just solution be found for the Mexican difficulties; and they did not believe that the present administration spoke through Mr. Lind, for the people of the United States. The effect of this unfortunate misunderstanding on their part is to leave them singularly isolated and without friends who can effectually aid them. So long as the misunderstanding continues we can only await the time of their awakening to a realization of the actual facts. We can not thrust our good offices upon them. The situation must be given a little more time to work itself out in the new circumstances; and I believe that only a little while will be necessary. For the circumstances are new. The rejection of our friendship makes them new and will inevitably bring its own alterations in the whole aspect of affairs. The actual situation of the authorities at Mexico City will presently be revealed.

Meanwhile, what is it our duty to do? Clearly, everything that we do must be rooted in patience and done with calm and disinterested deliberation. Impatience on our part would be childish, and would be fraught with every risk of wrong and folly. We can afford to exercise the self-restraint of a really great nation which realizes its own strength and scorns to misuse it. It was our duty to offer our active assistance. It is now our duty to show what true neutrality will do to enable the people of Mexico to set their affairs in order again and wait for a further opportunity to offer our friendly counsels. The door is not closed against the resumption, either upon the initiative of Mexico or upon our own, of the effort to bring order out of the confusion by friendly co-operative action, should fortunate occasion offer.

While we wait, the contest of the rival forces will undoubtedly for a little while be sharper than ever, just because it will be plain that an end must be made of the existing situation, and that very promptly; and with the increased activity of the contending factions will come, it is to be feared, increased danger to the noncombatants in Mexico as well as to those actually in the field of battle. The position of outsiders is always particularly trying and full of hazard where there is civil strife and a whole country is upset. We should earnestly urge all Americans to leave Mexico at once, and should assist them to get away in every way possible—not because we would mean to slacken

in the least our efforts to safeguard their lives and their interests, but because it is imperative that they should take no unnecessary risks when it is physically possible for them to leave the country. We should let every one who assumes to exercise authority in any part of Mexico know in the most unequivocal way that we shall vigilantly watch the fortunes of those Americans who can not get away, and shall hold those responsible for their sufferings and losses to a definite reckoning. That can be and will be made plain beyond the possibility of a misunderstanding.

For the rest, I deem it my duty to exercise the authority conferred upon me by the law of March 14, 1912, to see to it that neither side to the struggle now going on in Mexico receive any assistance from this side the border. I shall follow the best practice of nations in the matter of neutrality by forbidding the exportation of arms or munitions of war of any kind from the United States to any part of the Republic of Mexico—a policy suggested by several interesting precedents and certainly dictated by many manifest considerations of practical expediency. We can not in the circumstances be the partisans of either party to the contest that now distracts Mexico, or constitute ourselves the virtual umpire between them.

I am happy to say that several of the great Governments of the world have given this Government their generous moral support in urging upon the provisional authorities at the City of Mexico the acceptance of our proffered good offices in the spirit in which they were made. We have not acted in this matter under the ordinary principles of international obligation. All the world expects us in such circumstances to act as Mexico's nearest friend and intimate adviser. This is our immemorial relation towards her. There is nowhere any serious question that we have the moral right in the case or that we are acting in the interest of a fair settlement and of good government, not for the promotion of some selfish interest of our own. If further motive were necessary than our own good will towards a sister Republic and our own deep concern to see peace and order prevail in Central America, this consent of mankind to what we are attempting, this attitude of the great nations of the world towards what we may attempt in dealing with this distressed people at our doors, should make us feel the more solemnly bound to go to the utmost length of patience and forbearance in this painful and anxious business. The steady pressure of moral force will before many days break the barriers of pride and prejudice down, and we shall triumph as Mexico's friends sooner than we could triumph as her enemies—and how much more handsomely, with how much higher and finer satisfactions of conscience and of honor!

Reply of Senor Gamboa to Proposals of the American Government Conveyed Through Hon. John Lind

Mexico, *August 16, 1913.*

Sir: On the 6th instant, pursuant to telegraphic instructions from his Government, the chargé d'affaires ad interim of the United States of America verbally informed Mr. Manuel Garza Aldape, then in charge of the department of foreign affairs, of your expected arrival in this Republic with a mission of peace. As fortunately neither then nor to-day has there existed a state of war between the United States of America and the United Mexican States, my Government was very much surprised to learn that your mission near us should be referred to as one of peace. This brought forth the essential condition which my Government ventured to demand in its unnumbered note of the 6th instant addressed to the aforesaid chargé d'affaires—"that if you do not see fit to properly establish your official character" your sojourn could not be pleasing to us according to the meaning which diplomatic usage gives to this word.

Fortunately, from the first interview I had the pleasure to have with you, your character as confidential agent of your Government was fully established, inasmuch as the letter you had the kindness to show me, though impersonally addressed, was signed by the President of the United States, for whom we entertain the highest respect.

It is not essential at this time, Mr. Confidential Agent, that I should recall the whole of our first conversation. I will say, however, that I found you to be a well-informed man and animated by the sincerest wishes that the unfortunate tension of the present relations between your Government and mine should reach a prompt and satisfactory solution.

During our second interview, which, like the first one of the 14th instant, was held at my private (1), you saw fit, after all intent, honest and frank exchange of opinion concerning the attitudes of our respective Governments which did not lead us to any decision, to deliver to me the note containing the instructions, also signed by the President of the United States. Duly authorized by the President of the Republic, pursuant to the unanimous approval of the Cabinet, which was convened for the purpose, I have the honor to make a detailed reply to such instructions.

The Government of Mexico has paid due attention to the advice and considerations expressed by the Government of the United States; has done this on account of three principal reasons: First, because, as stated before, Mexico entertains the highest respect for the personality

[1] Omission.

of His Excellency Woodrow Wilson; second, because certain European and American Governments, with which Mexico cultivates the closest relations of international amity, having in a most delicate, respectful way, highly gratifying to us, made use of their good offices to the end that Mexico should accord you a hearing, inasmuch as you were the bearer of a private mission from the President of the United States; and, third, because Mexico was anxious, not so much to justify its attitude before the inhabitants of the Republic in the present emergency, the great majority of whom and by means of imposing and orderly manifestations, have signified their adhesion and approval, as to demonstrate in every way the justice of its cause.

The imputation contained in the first paragraph of your instructions that no progress has been made toward establishing in the capital of Mexico a Government that may enjoy the respect and obedience of the Mexican people is unfounded. In contradiction with their gross imputation, which is not supported by any proofs, principally because there are none, it affords me pleasure to refer, Mr. Confidential Agent, to the following facts which abound in evidence and which to a certain extent must be known to you by direct observation. The Mexican Republic, Mr. Confidential Agent, is formed by 27 States, 3 Territories, and 1 Federal District, in which the supreme power of the Republic has its seat. Of these 27 States, 18 of them, the 3 Territories, and the Federal District (making a total of 22 political entities) are under the absolute control of the present Government, which, aside from the above, exercises its authority over almost every port in the Republic and, consequently, over the custom houses therein established. Its southern frontier is open and at peace. Moreover, my Government has an army of 80,000 men in the field, with no other purpose than to insure complete peace in the Republic, the only national aspiration and solemn promise of the present provisional President. The above is sufficient to exclude any doubt that my Government is worthy of the respect and obedience of the Mexican people, because the latter's consideration has been gained at the cost of the greatest sacrifice and in spite of the most evil influences.

My Government fails to understand what the Government of the United States of America means by saying that it does not find itself in the same case with reference to the other nations of the earth concerning what is happening and is likely to happen in Mexico. The conditions of Mexico at the present time are, unfortunately, neither doubtful nor secret; it is afflicted with an internal strife which has been raging almost three years, and which I can only classify in these lines as a fundamental mistake. With reference to what might happen in Mexico neither you, Mr. Confidential Agent, nor I nor anyone else can prognosticate, because no assertion is possible on incidents which

have not occurred. On the other hand, my Government greatly appreciates the good offices tendered to it by the Government of the United States of America in the present circumstances; it recognizes that they are inspired by the noble desire to act as a friend as well as by the wishes of all the other Governments which expect the United States to act as Mexico's nearest friend. But if such good offices are to be of the character of those now tendered to us we should have to decline them in the most categorical and definite manner.

Inasmuch as the Government of the United States is willing to act in the most disinterested friendship, it will be difficult for it to find a more propitious opportunity than the following: If it should only watch that no material and monetary assistance is given to rebels who find refuge, conspire, and provide themselves with arms and food on the other side of the border; if it should demand from its minor and local authorities the strictest observance of the neutrality laws, I assure you, Mr. Confidential Agent, that the complete pacification of this Republic would be accomplished within a relatively short time.

I intentionally abstain from replying to the allusion that it is the purpose of the United States of America to show the greatest respect for the sovereignty and independence of Mexico, because, Mr. Confidential Agent, there are matters which not even from the standpoint of the idea itself could be given an answer in writing.

His Excellency Mr. Wilson is laboring under a serious delusion when he declares that the present situation of Mexico is incompatible with the compliance of her international obligations, with the development of its own civilization, and with the required maintenance of certain political and economical conditions tolerable in Central America. Strongly backing that there is a mistake, because to this date no charge has been made by any foreign Government accusing us of the above lack of compliance, we are punctually meeting all of our credits; we are still maintaining diplomatic missions cordially accepted in almost all the countries of the world, and we continue to be invited to all kinds of international congresses and conferences. With regard to our interior development, the following proof is sufficient, to wit, a contract has just been signed with Belgian capitalists which means to Mexico the construction of something like 5,000 kilometers of railway. In conclusion, we fail to see the evil results, which are prejudicial only to ourselves, felt in Central America by our present domestic war. In one thing I do agree with you, Mr. Confidential Agent, and it is that the whole of America is clamoring for a prompt solution of our disturbances, this being a very natural sentiment if it is borne in mind that a country which was prosperous only yesterday has been suddenly caused to suffer a great internal misfortune.

Consequently Mexico can not for one moment take into considera-

tion the four conditions which His Excellency Mr. Wilson has been pleased to propose through your honorable and worthy channel. I must give you the reasons for it: An immediate suspension of the struggle in Mexico, a definite armistice "solemnly constructed and scrupulously observed" is not possible, as to do this it would be necessary that there should be some one capable of proposing it without causing a profound offense to civilization, to the many bandits who, under this or that pretext, are marauding toward the south and committing the most outrageous depredations; and I know of no country in the world, the United States included, which may have ever dared to enter into agreement or to propose an armistice to individuals who, perhaps on account of a physiological accident, can be found all over the world beyond the pale of the divine and human laws. Bandits, Mr. Confidential Agent, are not admitted to armistice; the first action against them is one of correction, and when this, unfortunately, fails, their lives must be severed for the sake of the biological and fundamental principle that the useful sprouts should grow and fructify.

With reference to the rebels who style themselves "Constitutionalists," one of the representatives of whom has been given an ear by Members of the United States Senate, what could there be more gratifying to us than if convinced of the precipice to which we are being dragged by the resentment of their defeat, in a moment of reaction they would depose their rancor and add their strength to ours, so that all together we would undertake the great and urgent task of national reconstruction? Unfortunately, they do not avail themselves of the amnesty law enacted by the provisional government immediately after its inauguration, but, on the contrary, well-known rebels holding elective positions in the capital of the Republic or profitable employments, left the country without molestation, notwithstanding the information which the Government had that they were going to foreign lands to work against its interests, many of whom have taken upon themselves the unfortunate task of exposing the mysteries and infirmities from which we are suffering, the same as any other human congregations.

Were we to agree with them to the armistice suggested, they would *ipso facto,* recognize their belligerency, and this is something which can not be done for many reasons which can not escape the perspicacity of the Government of the United States of America, which to this day, and publicly, at least, has classed them as rebels just the same as we have. And it is an accepted doctrine that no armistice can be concerted with rebels.

The assurance asked of my Government that it should promptly convene to free elections is the most evident proof and the most unequivocal concession that the Government of the United States considers it legally and solidly constituted and that it is exercising, like all those

of its class, acts of such importance as to indicate the perfect civil operation of a sovereign nation. Inasmuch as our laws already provide such assurance, there is no fear that the latter may not be observed during the coming elections, and while the present Government is of a provisional character it will cede its place to the definite Government which may be elected by the people.

The request that Gen. Victoriano Huerta should agree not to appear as a candidate for the Presidency of the Republic in the coming elections can not be taken into consideration, because, aside from its strange and unwarranted character, there is a risk that the same might be interpreted as a matter of personal dislike. This point can only be decided by Mexican public opinion when it may be expressed at the polls.

The pledge that all parties should agree beforehand to the results of the election and to co-operate in the most loyal manner to support and organize the new administration is something to be tacitly supposed and desired, and that the experience of what this internal strife means to us in loss of life and the destruction of property will cause all contending political factions to abide by the results; but it would be extemporaneous to make any assertion in this respect, even by the most experienced countries in civil matters, inasmuch as no one can forecast or foresee the errors and excesses which men are likely to commit, especially under the influence of political passion. We hasten to signify our appreciation to the United States of America because they agree from to-day to recognize and aid the future which we, the Mexican people, may elect to rule our destinies. On the other hand, we greatly deplore the present tension in our relations with your country, a tension which has been produced without Mexico having afforded the slightest cause therefor. The legality of the government of Gen. Huerta can not be disputed. Article 85 of our political constitution provides:

If at the beginning of a constitutional term neither the President nor the Vice-President elected present themselves, or if the election has not been held and the results thereof declared by the 1st of December, nevertheless, the President whose term has expired will cease in his functions, and the secretary for foreign affairs shall immediately take charge of the Executive power in the capacity of provisional President; and if there should be no secretary for foreign affairs, or if he should be incapacitated, the Presidency shall devolve on one of the other secretaries pursuant to the order provided by the law establishing their number. The same procedure shall be followed when, in the case of the absolute or temporary absence of the President the Vice-President fails to appear, when on leave of absence from his post if he should be discharging his duties, and when in the course of his term the absolute absence of both functionaries should occur.

Now, then, the facts which occurred are the following: The resignation of Francisco I. Madero, constitutional President, and Jose Maria Pino Suarez, constitutional Vice-President of the Republic. These resignations having been accepted, Pedro Lascurain, Minister for Foreign Affairs, took charge by operation of law of the vacant executive power, appointing, as he had the power to do, Gen. Victoriano Huerta to the post of Minister of the Interior. As Mr. Lascurain soon afterwards resigned, and as his resignation was immediately accepted by Congress, Gen. Victoriano Huerta took charge of the executive power, also by operation of law, with the provisional character and under the constitutional promise already complied with to issue a call for special elections. As will be seen, the point of issue is exclusively one of constitutional law in which no foreign nation, no matter how powerful and respectable it may be, should mediate in the least.

Moreover, my Government considers that at the present time the recognition of the Government of Gen. Huerta by that of the United States of America is not concerned, inasmuch as facts which exist on their own account are not and can not be susceptible of recognition. The only thing which is being discussed is a suspension of relations as abnormal and without reason; abnormal, because the ambassador of the United States of America, in his high diplomatic investiture and appearing as dean of the foreign diplomatic corps accredited to the Government of the Republic, congratulated Gen. Huerta upon his elevation to the Presidency, continued to correspond with this department by means of diplomatic notes, and on his departure left the first secretary of the embassy of the United States of America as chargé d'affaires ad interim, and the latter continues here in the free exercise of his functions; and without reason, because, I repeat, we have not given the slightest pretext.

The confidential agent may believe that solely because of the sincere esteem in which the people and the Government of the United States of America are held by the people and Government of Mexico, and because of the consideration which it has for all friendly nations (and especially in this case for those which have offered their good offices), my Government consented to take into consideration, and to answer as briefly as the matter permits, the representations of which you are the bearer. Otherwise, it would have rejected them immediately because of their humiliating and unusual character, hardly admissible even in a treaty of peace after a victory, inasmuch as in a like case any nation which in the least respects itself would do likewise. It is because my Government has confidence in that when the justice of its cause is reconsidered with serenity and from a lofty point of view by the present President of the United States of America, whose sense

of morality and uprightness are beyond question, that he will withdraw from his attitude and will contribute to the renewal of still firmer bases for the relations of sincere friendship and good understanding forcibly imposed upon us throughout the centuries by our geographical nearness, something which neither of us can change, even though we would so desire, by our mutual interests and by our share of activity in the common sense of prosperity, welfare, and culture, in regard to which we are pleased to acknowledge that you are enviably ahead of us.

With reference to the final part of the instructions of President Wilson, which I beg to include herewith and which say, "If Mexico can suggest any better way in which to show our friendship, serve the people of Mexico, and meet our international obligations, we are more than willing to consider the suggestion," that final part causes me to propose the following equally decorous arrangement: One, that our ambassador be received in Washington; two, that the United States of America send us a new ambassador without previous conditions.

And all this threatening and distressing situation will have reached a happy conclusion; mention will not be made of the causes which might carry us, if the tension persists, to no one knows what incalculable extremities for two peoples who have the unavoidable obligation to continue being friends, provided, of course, that this friendship is based upon mutual respect, which is indispensable between two sovereign entities wholly equal before law and justice.

In conclusion, permit me, Mr. Confidential Agent, to reiterate to you the assurances of my perfect consideration.

F. Gamboa,
Secretary for Foreign Affairs of the Republic.

By the President of the United States of America:

A PROCLAMATION

[Regulations for the Protection of Migratory Birds.]

Whereas, an Act of Congress approved March fourth, nineteen hundred and thirteen, entitled "An Act making appropriations for the Department of Agriculture for the fiscal year ending June thirtieth, nineteen hundred and fourteen" (37 Stat., 847), contains provisions as follows:

All wild geese, wild swans, brant, wild ducks, snipe, plover, woodcock, rail, wild pigeons, and all other migratory game and insectivorous birds which in their northern and southern migrations pass through or do not remain permanently the entire year within the borders of any State or Territory, shall hereafter be deemed to be within the custody

and protection of the Government of the United States, and shall not be destroyed or taken contrary to regulations hereinafter provided therefor.

The Department of Agriculture is hereby authorized and directed to adopt suitable regulations to give effect to the previous paragraph by prescribing and fixing closed seasons, having due regard to the zones of temperature, breeding habits, and times and line of migratory flight, thereby enabling the department to select and designate suitable districts for different portions of the country, and it shall be unlawful to shoot or by any device kill or seize and capture migratory birds within the protection of this law during said closed seasons, and any person who shall violate any of the provisions or regulations of this law for the protection of migratory birds shall be guilty of a misdemeanor and shall be fined not more than $100 or imprisoned not more than ninety days, or both, in the discretion of the court.

The Department of Agriculture, after the preparation of said regulations, shall cause the same to be made public, and shall allow a period of three months in which said regulations may be examined and considered before final adoption, permitting, when deemed proper, public hearings thereon, and after final adoption shall cause the same to be engrossed and submitted to the President of the United States for approval: *Provided, however,* That nothing herein contained shall be deemed to affect or interfere with the local laws of the States and Territories for the protection of non-migratory game or other birds resident and breeding within their borders, nor to prevent the States and Territories from enacting laws and regulations to promote and render efficient the regulations of the Department of Agriculture provided under this statute.

WHEREAS, the Department of Agriculture has duly prepared suitable regulations to give effect to the foregoing provisions of said Act and after the preparation of said regulations has caused the same to be made public and has allowed a period of three months in which said regulations might be examined and considered before final adoption and has permitted public hearings thereon;

And, WHEREAS, the Department of Agriculture has adopted the regulations hereinafter set forth and after final adoption thereof has caused the same to be engrossed and submitted to the President of the United States for approval;

NOW, THEREFORE, I, WOODROW WILSON, President of the United States of America, by authority in me vested do hereby proclaim and make known the following regulations for carrying into effect the foregoing provisions of said Act:

REGULATION 1. DEFINITIONS.

For the purposes of these regulations the following shall be considered migratory game birds:

(*a*) Anatidæ or waterfowl, including brant, wild ducks, geese, and swans.

(*b*) Gruidæ or cranes, including little brown, sandhill, and whooping cranes.

(*c*) Rallidæ or rails, including coots, gallinules, and sora and other rails.

(*d*) Limicolæ or shore birds, including avocets, curlew, dowitchers, godwits, knots, oyster catchers, phalaropes, plover, sandpipers, snipe, stilts, surf birds, turnstones, willet, woodcock, and yellowlegs.

(*e*) Columbidæ or pigeons, including doves and wild pigeons.

For the purposes of these regulations the following shall be considered migratory insectivorous birds:

(*f*) Bobolinks, catbirds, chickadees, cuckoos, flickers, flycatchers, grosbeaks, humming birds, kinglets, martins, meadowlarks, nighthawks or bull bats, nuthatches, orioles, robins, shrikes, swallows, swifts, tanagers, titmice, thrushes, vireos, warblers, waxwings, whippoorwills, woodpeckers, and wrens, and all other perching birds which feed entirely or chiefly on insects.

Regulation 2. Closed Season at Night.

A daily closed season on all migratory game and insectivorous birds shall extend from sunset to sunrise.

Regulation 3. Closed Season on Insectivorous Birds.

A closed season on migratory insectivorous birds shall continue to December 31, 1913, and each year thereafter shall begin January 1 and continue to December 31, both dates inclusive, provided that nothing in this or any other of these regulations shall be construed to prevent the issue of permits for collecting birds for scientific purposes in accordance with the laws and regulations in force in the respective States and Territories and the District of Columbia; and provided further that the closed season on reedbirds or ricebirds in Maryland, the District of Columbia, Virginia and South Carolina shall begin November 1 and end August 31 next following, both dates inclusive.

Regulation 4. Five-year Closed Seasons on Certain Game Birds.

A closed season shall continue until September 1, 1918, on the following migratory game birds: Band-tailed pigeons, little brown, sandhill, and whooping cranes, swans, curlew, and all shorebirds except the black-breasted and golden plover, Wilson or jack snipe, woodcock, and the greater and lesser yellowlegs.

A closed season shall also continue until September 1, 1918, on wood ducks in Maine, New Hampshire, Vermont, Massachusetts, Rhode Island, Connecticut, New York, New Jersey, Pennsylvania, West Virginia, Ohio, Indiana, Illinois, Michigan, Wisconsin, Minnesota,

Iowa, Kansas, California, Oregon, and Washington; on rails in California and Vermont; and on woodcock in Illinois and Missouri.

REGULATION 5. CLOSED SEASON ON CERTAIN NAVIGABLE RIVERS.

A closed season shall continue between January 1 and December 31, both dates inclusive, of each year, on all migratory birds passing over or at rest on any of the waters of the main streams of the following navigable rivers, to wit: The Mississippi River between Minneapolis, Minn., and Memphis, Tenn.; and the Missouri River between Bismarck, N. Dak., and Nebraska City, Nebr.; and on the killing or capture of any of such birds on or over the shores of any of said rivers, or at any point within the limits aforesaid, from any boat, raft, or other device, floating or otherwise, in or on any such waters.

REGULATION 6. ZONES.

The following zones for the protection of migratory game and insectivorous birds are hereby established:

Zone No. 1, the breeding zone, comprising States lying wholly or in part north of latitude 40° and the Ohio River and including Maine, New Hampshire, Vermont, Massachusetts, Rhode Island, Connecticut, New York, New Jersey, Pennsylvania, Ohio, Indiana, Illinois, Michigan, Wisconsin, Minnesota, Iowa, North Dakota, South Dakota, Nebraska, Colorado, Wyoming, Montana, Idaho, Oregon, and Washington—25 States.

Zone No. 2, the wintering zone, comprising States lying wholly or in part south of latitude 40° and the Ohio River and including Delaware, Maryland, the District of Columbia, West Virginia, Virginia, North Carolina, South Carolina, Georgia, Florida, Alabama, Mississippi, Tennessee, Kentucky, Missouri, Arkansas, Louisiana, Texas, Oklahoma, Kansas, New Mexico, Arizona, California, Nevada, and Utah—23 States and the District of Columbia.

REGULATION 7. CONSTRUCTION.

For the purposes of regulations 8 and 9, each period of time therein prescribed as a closed season shall be construed to include the first day and to exclude the last day thereof.

REGULATION 8. CLOSED SEASONS IN ZONE NO. 1.

Closed seasons in Zone No. 1 shall be as follows:

Waterfowl.—The closed season on waterfowl shall be between December 16 and September 1 next following, except as follows:

Exceptions: In Massachusetts the closed season shall be between January 1 and September 15.

In New York, except Long Island, the closed season shall be between December 16 and September 16.

On Long Island and in Oregon and Washington the closed season shall be between January 16 and October 1.

In New Jersey the closed season shall be between February 1 and November 1; and

In Minnesota, North Dakota, South Dakota, and Wisconsin the closed season shall be between December 1 and September 7.

Rails.—The closed season on rails, coots, and gallinules shall be between December 1 and September 1 next following, except as follows:

Exceptions: In Massachusetts, New Hampshire, and Rhode Island the closed season shall be between December 1 and August 15.

In Connecticut, Michigan, and New York, and on Long Island the closed season shall be between December 1 and September 16.

In Minnesota, North Dakota, South Dakota, and Wisconsin the closed season shall be between December 1 and September 7; and

In Oregon and Washington the closed season shall be between January 16 and October 1.

Woodcock.—The closed season on woodcock shall be between December 1 and October 1 next following, except as follows:

Exceptions: In Connecticut, Massachusetts, and New Jersey the closed season shall be between December 1 and October 10.

In Rhode Island the closed season shall be between December 1 and November 1; and

In Pennsylvania and on Long Island the closed season shall be between December 1 and October 15.

Shore birds.—The closed season on black-breasted and golden plover, jack-snipe or Wilson snipe, and greater and lesser yellowlegs shall be between December 16 and September 1 next following, except as follows:

Exceptions: In Maine, Massachusetts, New Hampshire, Rhode Island, and on Long Island the closed season shall be between December 1 and August 15.

In New York, except Long Island, the closed season shall be between December 1 and September 16.

In Minnesota, North Dakota, South Dakota, and Wisconsin the closed season shall be between December 1 and September 7; and

In Oregon and Washington the closed season shall be between December 16 and October 1.

Regulation 9. Closed Seasons in Zone No. 2.

Closed seasons in Zone No. 2 shall be as follows:

Waterfowl.—The closed season on waterfowl shall be between January 16 and October 1 next following, except as follows:

Exceptions: In Delaware, Maryland, Virginia, North Carolina, Alabama, Mississippi, Louisiana, and Texas the closed season shall be between February 1 and November 1.

In the District of Columbia, Kansas, New Mexico, and West Virginia the closed season shall be between December 16 and September 1.

In Florida, Georgia, and South Carolina the closed season shall be between February 16 and November 20.

In Missouri and Nevada the closed season shall be between January 1 and September 15; and

In Arizona and California the closed season shall be between February 1 and October 15.

Rails.—The closed season on rails, coots, and gallinules shall be between December 1 and September 1 next following, except as follows:

Exceptions: In Tennessee and Utah the closed season shall be between December 1 and October 1.

In Missouri the closed season shall be between January 1 and September 15.

In Louisiana the closed season shall be between February 1 and November 1; and

In Arizona and California the closed season on coots shall be between February 1 and October 15.

Woodcock.—The closed season on woodcock shall be between January 1 and November 1, except as follows:

Exceptions: In Delaware and Louisiana the closed season shall be between January 1 and November 15.

In West Virginia the closed season shall be between December 1 and October 1; and

In Georgia the closed season shall be between January 1 and December 1.

Shore birds.—The closed season on black-breasted and golden plover, jack-snipe or Wilson snipe, and greater and lesser yellowlegs shall be between December 16 and September 1 next following, except as follows:

Exceptions: In Florida, Georgia, and South Carolina the closed season shall be between February 1 and November 20.

In Alabama, Louisiana, Mississippi, and Texas the closed season shall be between February 1 and November 1.

In Tennessee the closed season shall be between December 16 and October 1.

In Arizona and California the closed season shall be between February 1 and October 15; and

In Utah the closed season on snipe shall be between December 16 and October 1, and on plover and yellowlegs shall be until September 1, 1918.

REGULATION 10. HEARINGS.

Persons recommending changes in the regulations or desiring to submit evidence in person or by attorney as to the necessity for such changes should make application to the Secretary of Agriculture. Whenever possible hearings will be arranged at central points, and due

notice thereof given by publication or otherwise as may be deemed appropriate. Persons recommending changes should be prepared to show the necessity for such action and to submit evidence other than that based on reasons of personal convenience or a desire to kill game during a longer open season.

In Witness Whereof, I have hereunto set my hand and caused the seal of the United States to be affixed.

DONE at the city of Washington, this first day of October in the year of our Lord one thousand nine hundred and
[SEAL.] thirteen and of the Independence of the United States the one hundred and thirty-eighth.

WOODROW WILSON.

By the President:

W. J. BRYAN, *Secretary of State.*

BY THE PRESIDENT OF THE UNITED STATES OF AMERICA:

A PROCLAMATION

[Cabrillo National Monument.]

WHEREAS, by section 2 of an Act of Congress approved June 8, 1906 (34 Stat. 225), the President was authorized "in his discretion, to declare by public proclamation historic landmarks, historic and prehistoric structures, and other objects of historic or scientific interest that are situated upon the lands owned or controlled by the Government of the United States to be national monuments, and may reserve as a part thereof parcels of land, the limits of which in all cases shall be confined to the smallest area compatible with the proper care and management of the objects to be protected";

And WHEREAS, when Cabrillo sailed into San Diego Bay on the 28th day of September, 1542, Point Loma was the first land sighted; and The Order of Panama, an organization composed of representative citizens of Southern California, has applied for permission to construct a heroic statue of Juan Rodriguez Cabrillo, the discoverer of California, on Point Loma which lies within the military reservation of Fort Rosecrans, California, and has requested that a suitable site be set apart for such monument;

NOW THEREFORE, I, WOODROW WILSON, President of the United States of America, under authority of the said Act of Congress, do hereby reserve as a site for the said monument, the following described parcel of land situated on Point Loma within the limits of the military reservation of Fort Rosecrans, California, and do hereby declare and

proclaim the same to be a national monument to commemorate the discovery of California by Juan Rodriguez Cabrillo, on the 28th day of September, 1542, viz.:

Beginning at a monument 53 ft. from southeast corner of the Old Lighthouse, Point Loma (true az. 6° 26′): thence, true az. 292° 50′, 25 feet; thence, true az. 234° 09′, 36 feet; thence, true az. 210° 47′, 35 feet; thence, true az. 191° 14′, 53 feet; thence, true az. 175° 56′, 57 feet; thence, true az. 159° 26′, 33 feet; thence, true az. 138° 29′, 115 feet; thence, true az. 7° 39′, 170 feet; thence, true az. 349° 56′, 43 feet; thence, true az. 337° 58′, 25 feet; thence, true az. 332° 14′, 35 feet, to the point of beginning; containing 21,910 square feet, more or less.

The area above comprises all the parcel of ground within the loop of the Point Loma Boulevard where it encircles the Old Lighthouse, but does not include any of the roadway.

In Witness Whereof, I have hereunto set my hand and caused the seal of the United States to be affixed.

DONE at the City of Washington this fourteenth day of October, in the year of our Lord one thousand nine hundred and thirteen, and of the Independence of the United States the one hundred and thirty-eighth.

[SEAL.]

WOODROW WILSON.

By the President:

W. J. BRYAN, *Secretary of State.*

BY THE PRESIDENT OF THE UNITED STATES OF AMERICA:

A PROCLAMATION

[Thanksgiving—1913.]

THE season is at hand in which it has been our long respected custom as a people to turn in praise and thanksgiving to Almighty God for His manifold mercies and blessings to us as a nation. The year that has just passed has been marked in a peculiar degree by manifestations of His gracious and beneficent providence. We have not only had peace throughout our own borders and with the nations of the world but that peace has been brightened by constantly multiplying evidences of genuine friendship, of mutual sympathy and understanding, and of the happy operation of many elevating influences both of ideal and of practice. The nation has been prosperous not only but has proved its capacity to take calm counsel amidst the rapid movement of affairs and deal with its own life in a spirit of candor, righteousness, and

comity. We have seen the practical completion of a great work at the Isthmus of Panama which not only exemplifies the nation's abundant resources to accomplish what it will and the distinguished skill and capacity of its public servants but also promises the beginning of a new age, of new contacts, new neighborhoods, new sympathies, new bonds, and new achievements of co-operation and peace. "Righteousness exalteth a nation" and "peace on earth, good will towards men" furnish the only foundations upon which can be built the lasting achievements of the human spirit. The year has brought us the satisfactions of work well done and fresh visions of our duty which will make the work of the future better still.

Now, Therefore, I, Woodrow Wilson, President of the United States of America, do hereby designate Thursday the twenty-seventh of November next as a day of thanksgiving and prayer, and invite the people throughout the land to cease from their wonted occupations and in their several homes and places of worship render thanks to Almighty God.

In Witness Whereof, I have hereunto set my hand and caused the seal of the United States to be affixed.

Done at the City of Washington this twenty-third day of October, in the year of our Lord one thousand nine hundred and thirteen, and of the independence of the United States of America the one hundred and thirty-eighth.

[seal.]

WOODROW WILSON.

By the President:

W. J. Bryan, *Secretary of State.*

EXECUTIVE ORDER.

[To Regulate the Carrying of Arms in the Canal Zone.]

The White House, *November 7, 1913.*

By virtue of the authority vested in me, I hereby establish the following order for the Canal Zone:

Section 1. Anyone who carries on or about his person any firearm, dirk, dagger or other knife manufactured or sold for the purpose of offence or defence, or any slungshot, sword-cane or any knuckles made of metal or other hard substance, shall be punished by fine of not less than Five Dollars nor more than Twenty-five Dollars, or by imprisonment in jail of not less than five days nor more than thirty days, or by both such fine and imprisonment in the discretion of the court, and during such time of imprisonment such offender may be put to work upon any public work in the Canal Zone.

In addition to the punishment herein prescribed for unlawfully carrying arms, the courts shall adjudge the seizure and confiscation of the arms unlawfully carried by the offending party and the same shall be disposed of in such manner as the Head of the Department of Civil Administration shall determine.

Section 2. The preceding section shall not apply to a person engaged in the military or naval service of the United States or as a peace officer or officer authorized to execute judicial process of the United States or the Canal Zone, or in carrying mail or engaged in the collection or custody of funds of the United States or the Canal Zone, nor to a member of a gun or pistol club for the promotion of target practice, a certified copy of the constitution and by-laws of which has been approved by the Head of the Department of Civil Administration, and filed with the Collector of Revenues, when such member is going to or from a target range, and engaged in practice at the target range. For the purposes of this order, a certificate of membership in the gun or pistol club shall be issued by the organization and approved by the Head of the Department of Civil Administration, and shall entitle the holder to carry firearms as provided for in this section.

Neither shall the preceding section apply to any person authorized to have or carry arms by permit granted under the terms and conditions named in section 3 hereof.

Section 3. The Head of the Department of Civil Administration may authorize the granting of permits to have and carry arms as follows:

1. To hunt upon the public lands of the Canal Zone, or upon the lands of private persons when authorized by the latter.

2. To have arms in residences, offices, business places and plantations; and to watchmen or overseers of plantations, factories, warehouses, docks or piers.

Applications for such permits shall be made to the Head of the Department of Civil Administration and shall state the full name, residence and occupation of the applicant, and if the applicant is a minor it shall not be granted without the written consent of his parent or guardian.

The Head of the Department of Civil Administration shall satisfy himself by due inquiry that the applicant is a proper person to have a permit to carry arms, and he may grant or deny the application as to him may seem proper.

When an application is granted by the Head of the Department of Civil Administration for a permit to hunt he shall file the application, with his approval endorsed thereon, with the Collector of Revenues, who shall issue a permit to the applicant upon his paying the Collector of Revenues a fee of one dollar, to be covered into the Treasury of the Canal Zone Government.

The hunting permits issued by virtue of this order shall authorize the holder thereof to have, use or carry a gun, rifle or other similar long arm for hunting purposes during the fiscal year for which the permit is issued, provided, however, that such permit may be revoked at any time for cause by the Head of the Department of Civil Administration.

Section 4. Anyone who engages in hunting without first obtaining the permit provided for in this order shall be subject to a fine not exceeding Twenty-five dollars or imprisonment in jail not exceeding ten days, provided, however, that persons engaged in the land or naval forces of the United States shall not be required to obtain a permit to hunt upon the public lands of the Canal Zone.

Section 5. Penalties for infringements of this order imposed upon intoxicated or disorderly persons shall be in addition to the punishments authorized by law for such intoxicated or disorderly conduct.

Section 6. Sections 449 to 460, both inclusive, of the Penal Code, the Executive Order of December 1, 1909, issued by the Secretary of War by authority of the President, amending Section 450 and 456 of the Penal Code, and the Executive Order of the Secretary of War, issued by authority of the President, dated November 3, 1911, amending Section 456 of the Penal Code as amended by the Executive Order above mentioned, and all other laws, orders and decrees in conflict with this order are hereby repealed.

Section 7. This order shall take effect thirty days from and after its publication in the Canal Record.

WOODROW WILSON.

EXECUTIVE ORDER.

[Fixing the Rate of Interest on Money.]

THE WHITE HOUSE, *November 11, 1913.*

By virtue of the authority vested in me I hereby establish the following Executive Order for the Canal Zone:

Section 1. No rate of interest shall be allowed in excess of six per centum per annum upon any contract for the use or detention of money, unless the same is in writing and the interest agreed upon must not exceed twelve per centum per annum.

Section 2. All contracts whatsoever which may in any way, directly or indirectly, violate the preceding section by stipulating for a greater rate of interest than twelve per centum per annum, shall be void and of no effect for the amount or value of the interest only; but the principal sum of money or value of the contract may be received and recovered.

Section 3. When the interest received or collected for the use or detention of money exceeds the rate of twelve per centum per annum, it shall be deemed to be usurious, and the person or persons paying the same, or their legal representatives, may recover from the person, firm or corporation receiving such interest, the amount of the interest so received or collected, in any court of competent jurisdiction, within two years from the date of the payment of such interest.

Section 4. No evidence of usury shall be received on the trial of any case unless the same shall be pleaded and verified by the affidavit of the party wishing to avail himself of such defense.

Section 5. This order shall take effect thirty days from and after its publication in the Canal Record.

WOODROW WILSON.

FIRST ANNUAL ADDRESS.

[Delivered at a Joint Session of the two Houses of Congress, December 2, 1913.]

Gentlemen of the Congress:

In pursuance of my constitutional duty to "give to the Congress information of the state of the Union," I take the liberty of addressing you on several matters which ought, as it seems to me, particularly to engage the attention of your honorable bodies, as of all who study the welfare and progress of the Nation.

I shall ask your indulgence if I venture to depart in some degree from the usual custom of setting before you in formal review the many matters which have engaged the attention and called for the action of the several departments of the Government or which look to them for early treatment in the future, because the list is long, very long, and would suffer in the abbreviation to which I should have to subject it. I shall submit to you the reports of the heads of the several departments, in which these subjects are set forth in careful detail, and beg that they may receive the thoughtful attention of your committees and of all Members of the Congress who may have the leisure to study them. Their obvious importance, as constituting the very substance of the business of the Government, makes comment and emphasis on my part unnecessary.

The country, I am thankful to say, is at peace with all the world, and many happy manifestations multiply about us of a growing cordiality and sense of community of interest among the nations, foreshadowing an age of settled peace and good will. More and more readily each decade do the nations manifest their willingness to bind themselves by solemn treaty to the processes of peace, the processes of frankness and fair concession. So far the United States has

stood at the front of such negotiations. She will, I earnestly hope and confidently believe, give fresh proof of her sincere adherence to the cause of international friendship by ratifying the several treaties of arbitration awaiting renewal by the Senate. In addition to these, it has been the privilege of the Department of State to gain the assent, in principle, of no less than 31 nations, representing four-fifths of the population of the world, to the negotiation of treaties by which it shall be agreed that whenever differences of interest or of policy arise which can not be resolved by the ordinary processes of diplomacy they shall be publicly analyzed, discussed, and reported upon by a tribunal chosen by the parties before either nation determines its course of action.

There is only one possible standard by which to determine controversies between the United States and other nations, and that is compounded of these two elements: Our own honor and our obligations to the peace of the world. A test so compounded ought easily to be made to govern both the establishment of new treaty obligations and the interpretation of those already assumed.

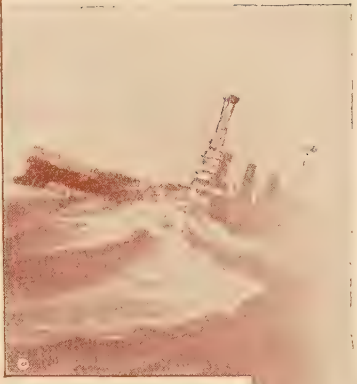
There is but one cloud upon our horizon. That has shown itself to the south of us, and hangs over Mexico. There can be no certain prospect of peace in America until Gen. Huerta has surrendered his usurped authority in Mexico; until it is understood on all hands, indeed, that such pretended governments will not be countenanced or dealt with by the Government of the United States. We are the friends of constitutional government in America; we are more than its friends, we are its champions; because in no other way can our neighbors, to whom we would wish in every way to make proof of our friendship, work out their own development in peace and liberty. Mexico has no Government. The attempt to maintain one at the City of Mexico has broken down, and a mere military despotism has been set up which has hardly more than the semblance of national authority. It originated in the usurpation of Victoriano Huerta, who, after a brief attempt to play the part of constitutional President, has at last cast aside even the pretense of legal right and declared himself dictator. As a consequence, a condition of affairs now exists in Mexico which has made it doubtful whether even the most elementary and fundamental rights either of her own people or of the citizens of other countries resident within her territory can long be successfully safeguarded, and which threatens, if long continued, to imperil the interests of peace, order, and tolerable life in the lands immediately to the south of us. Even if the usurper had succeeded in his purposes, in despite of the constitution of the Republic and the rights of its people, he would have set up nothing but a precarious and hateful power, which could have lasted but a little while, and whose eventual downfall would have left the coun-

try in a more deplorable condition than ever. But he has not succeeded. He has forfeited the respect and the moral support even of those who were at one time willing to see him succeed. Little by little he has been completely isolated. By a little every day his power and prestige are crumbling and the collapse is not far away. We shall not, I believe, be obliged to alter our policy of watchful waiting. And then, when the end comes, we shall hope to see constitutional order restored in distressed Mexico by the concert and energy of such of her leaders as prefer the liberty of their people to their own ambitions.

I turn to matters of domestic concern. You already have under consideration a bill for the reform of our system of banking and currency, for which the country waits with impatience, as for something fundamental to its whole business life and necessary to set credit free from arbitrary and artificial restraints. I need not say how earnestly I hope for its early enactment into law. I take leave to beg that the whole energy and attention of the Senate be concentrated upon it till the matter is successfully disposed of. And yet I feel that the request is not needed—that the Members of that great House need no urging in this service to the country.

I present to you, in addition, the urgent necessity that special provision be made also for facilitating the credits needed by the farmers of the country. The pending currency bill does the farmers a great service. It puts them upon an equal footing with other business men and masters of enterprise, as it should; and upon its passage they will find themselves quit of many of the difficulties which now hamper them in the field of credit. The farmers, of course, ask and should be given no special privilege, such as extending to them the credit of the Government itself. What they need and should obtain is legislation which will make their own abundant and substantial credit resources available as a foundation for joint, concerted local action in their own behalf in getting the capital they must use. It is to this we should now address ourselves.

It has, singularly enough, come to pass that we have allowed the industry of our farms to lag behind the other activities of the country in its development. I need not stop to tell you how fundamental to the life of the Nation is the production of its food. Our thoughts may ordinarily be concentrated upon the cities and the hives of industry, upon the cries of the crowded market place and the clangor of the factory, but it is from the quiet interspaces of the open valleys and the free hillsides that we draw the sources of life and of prosperity, from the farm and the ranch, from the forest and the mine. Without these every street would be silent, every office deserted, every factory fallen into disrepair. And yet the farmer does not stand upon the same footing with the forester and the miner in the market of



TO BE ORDERED TO

OUR JACKIES
IN WAR ACCOUTREMENTS

NAVAL FORCES SENT TO VERA CRUZ

As a result of the refusal of the Mexican government to fire a salute to the American flag as reparation for the indignity offered to an officer and men from the gunboat Dolphin at Tampico, President Wilson, on April 14, 1914, ordered the entire North Atlantic battle ship fleet to that Mexican port.

This fleet, under command of Rear-Admiral Badger, was made up of seven battle ships—the Arkansas, Louisiana, New Hampshire, Michigan, Vermont, New Jersey and South Carolina. The aggregate strength of the fleet was 122,000 tons, carrying 219 guns and 6,473 men.

The Ward Line steamship Morro Castle, chartered by the government on account of the familiarity of her officers with the coasts and the lights in Mexican waters, sailed from Philadelphia April 23, 1914, carrying the Twentieth Regiment of 800 marines and a full supply of stores and ammunition, under command of Colonel R. M. Moses, of Annapolis. The "jackies" were collected from the barracks in Philadelphia, Boston, New York, Annapolis, Portsmouth, Norfolk and Newport. Above is shown a reproduced photograph of a battleship in rough sea.

credit. He is the servant of the seasons. Nature determines how long he must wait for his crops, and will not be hurried in her processes. He may give his note, but the season of its maturity depends upon the season when his crop matures, lies at the gates of the market where his products are sold. And the security he gives is of a character not known in the broker's office or as familiarly as it might be on the counter of the banker.

The Agricultural Department of the Government is seeking to assist as never before to make farming an efficient business, of wide co-operative effort, in quick touch with the markets for foodstuffs. The farmers and the Government will henceforth work together as real partners in this field, where we now begin to see our way very clearly and where many intelligent plans are already being put into execution. The Treasury of the United States has, by a timely and well-considered distribution of its deposits, facilitated the moving of the crops in the present season and prevented the scarcity of available funds too often experienced at such times. But we must not allow ourselves to depend upon extraordinary expedients. We must add the means by which the farmer may make his credit constantly and easily available and command when he will the capital by which to support and expand his business. We lag behind many other great countries of the modern world in attempting to do this. Systems of rural credit have been studied and developed on the other side of the water while we left our farmers to shift for themselves in the ordinary money market. You have but to look about you in any rural district to see the result, the handicap and embarrassment which have been put upon those who produce our food.

Conscious of this backwardness and neglect on our part, the Congress recently authorized the creation of a special commission to study the various systems of rural credit which have been put into operation in Europe, and this commission is already prepared to report. Its report ought to make it easier for us to determine what methods will be best suited to our own farmers. I hope and believe that the committees of the Senate and House will address themselves to this matter with the most fruitful results, and I believe that the studies and recently formed plans of the Department of Agriculture may be made to serve them very greatly in their work of framing appropriate and adequate legislation. It would be indiscreet and presumptuous in anyone to dogmatize upon so great and many-sided a question, but I feel confident that common counsel will produce the results we must all desire.

Turn from the farm to the world of business which centers in the city and in the factory, and I think that all thoughtful observers will agree that the immediate service we owe the business communities of the country is to prevent private monopoly more effectually than it

has yet been prevented. I think it will be easily agreed that we should let the Sherman anti-trust law stand, unaltered, as it is, with its debatable ground about it, but that we should as much as possible reduce the area of that debatable ground by further and more explicit legislation; and should also supplement that great act by legislation which will not only clarify it but also facilitate its administration and make it fairer to all concerned. No doubt we shall all wish, and the country will expect, this to be the central subject of our deliberations during the present session; but it is a subject so many-sided and so deserving of careful and discriminating discussion that I shall take the liberty of addressing you upon it in a special message at a later date than this. It is of capital importance that the business men of this country should be relieved of all uncertainties of law with regard to their enterprises and investments and a clear path indicated which they can travel without anxiety. It is as important that they should be relieved of embarrassment and set free to prosper as that private monopoly should be destroyed. The ways of action should be thrown wide open.

I turn to a subject which I hope can be handled promptly and without serious controversy of any kind. I mean the method of selecting nominees for the Presidency of the United States. I feel confident that I do not misinterpret the wishes or the expectations of the country when I urge the prompt enactment of legislation which will provide for primary elections throughout the country at which the voters of the several parties may choose their nominees for the Presidency without the intervention of nominating conventions. I venture the suggestion that this legislation should provide for the retention of party conventions, but only for the purpose of declaring and accepting the verdict of the primaries and formulating the platforms of the parties; and I suggest that these conventions should consist not of delegates chosen for this single purpose, but of the nominees for Congress, the nominees for vacant seats in the Senate of the United States, the Senators whose terms have not yet closed, the national committees, and the candidates for the Presidency themselves, in order that platforms may be framed by those responsible to the people for carrying them into effect.

These are all matters of vital domestic concern, and besides them, outside the charmed circle of our own national life in which our affections command us, as well as our consciences, there stand out our obligations toward our territories over sea. Here we are trustees. Porto Rico, Hawaii, the Philippines, are ours, indeed, but not ours to do what we please with. Such territories, once regarded as mere possessions, are no longer to be selfishly exploited; they are part of the domain of public conscience and of serviceable and enlightened statesmanship. We must administer them for the people who

live in them and with the same sense of responsibility to them as toward our own people in our domestic affairs. No doubt we shall successfully enough bind Porto Rico and the Hawaiian Islands to ourselves by ties of justice and interest and affection, but the performance of our duty toward the Philippines is a more difficult and debatable matter. We can satisfy the obligations of generous justice toward the people of Porto Rico by giving them the ample and familiar rights and privileges accorded our own citizens in our own territories and our obligations toward the people of Hawaii by perfecting the provisions for self-government already granted them, but in the Philippines we must go further. We must hold steadily in view their ultimate independence, and we must move toward the time of that independence as steadily as the way can be cleared and the foundations thoughtfully and permanently laid.

Acting under the authority conferred upon the President by Congress, I have already accorded the people of the islands a majority in both houses of their legislative body by appointing five instead of four native citizens to the membership of the commission. I believe that in this way we shall make proof of their capacity in counsel and their sense of responsibility in the exercise of political power, and that the success of this step will be sure to clear our view for the steps which are to follow. Step by step we should extend and perfect the system of self-government in the islands, making test of them and modifying them as experience discloses their successes and their failures; that we should more and more put under the control of the native citizens of the archipelago the essential instruments of their life, their local instrumentalities of government, their schools, all the common interests of their communities, and so by counsel and experience set up a government which all the world will see to be suitable to a people whose affairs are under their own control. At last, I hope and believe, we are beginning to gain the confidence of the Filipino peoples. By their counsel and experience, rather than by our own, we shall learn how best to serve them and how soon it will be possible and wise to withdraw our supervision. Let us once find the path and set out with firm and confident tread upon it and we shall not wander from it or linger upon it.

A duty faces us with regard to Alaska which seems to me very pressing and very imperative; perhaps I should say a double duty, for it concerns both the political and the material development of the Territory. The people of Alaska should be given the full Territorial form of government, and Alaska, as a storehouse, should be unlocked. One key to it is a system of railways. These the Government should itself build and administer, and the ports and terminals it should itself control in the interest of all who wish to use them for the service and development of the country and its people.

But the construction of railways is only the first step; is only thrusting in the key to the storehouse and throwing back the lock and opening the door. How the tempting resources of the country are to be exploited is another matter, to which I shall take the liberty of from time to time calling your attention, for it is a policy which must be worked out by well-considered stages, not upon theory, but upon lines of practical expediency. It is part of our general problem of conservation. We have a freer hand in working out the problem in Alaska than in the States of the Union; and yet the principle and object are the same, wherever we touch it. We must use the resources of the country, not lock them up. There need be no conflict or jealousy as between State and Federal authorities, for there can be no essential difference of purpose between them. The resources in question must be used, but not destroyed or wasted; used, but not monopolized upon any narrow idea of individual rights as against the abiding interests of communities. That a policy can be worked out by conference and concession which will release these resources and yet not jeopard or dissipate them, I for one have no doubt; and it can be done on lines of regulation which need be no less acceptable to the people and governments of the States concerned than to the people and Government of the Nation at large, whose heritage these resources are. We must bend our counsels to this end. A common purpose ought to make agreement easy.

Three or four matters of special importance and significance I beg that you will permit me to mention in closing.

Our Bureau of Mines ought to be equipped and empowered to render even more effectual service than it renders now in improving the conditions of mine labor and making the mines more economically productive as well as more safe. This is an all-important part of the work of conservation; and the conservation of human life and energy lies even nearer to our interests than the preservation from waste of our material resources.

We owe it, in mere justice to the railway employees of the country, to provide for them a fair and effective employers' liability act; and a law that we can stand by in this matter will be no less to the advantage of those who administer the railroads of the country than to the advantage of those whom they employ. The experience of a large number of the States abundantly proves that.

We ought to devote ourselves to meeting pressing demands of plain justice like this as earnestly as to the accomplishment of political and economic reforms. Social justice comes first. Law is the machinery for its realization and is vital only as it expresses and embodies it.

An international congress for the discussion of all questions that affect safety at sea is now sitting in London at the suggestion of our

own Government. So soon as the conclusions of that congress can be learned and considered we ought to address ourselves, among other things, to the prompt alleviation of the very unsafe, unjust, and burdensome conditions which now surround the employment of sailors and render it extremely difficult to obtain the services of spirited and competent men such as every ship needs if it is to be safely handled and brought to port.

May I not express the very real pleasure I have experienced in co-operating with this Congress and sharing with it the labors of common service to which it has devoted itself so unreservedly during the past seven months of uncomplaining concentration upon the business of legislation? Surely it is a proper and pertinent part of my report on "the state of the Union" to express my admiration for the diligence, the good temper, and the full comprehension of public duty which has already been manifested by both the Houses; and I hope that it may not be deemed an impertinent intrusion of myself into the picture if I say with how much and how constant satisfaction I have availed myself of the privilege of putting my time and energy at their disposal alike in counsel and in action.

SPECIAL ADDRESS.

[Additional Legislation for the Control of Trusts and Monopolies. Delivered at a Joint Session of the two Houses of Congress, January 20, 1914.]

Gentlemen of the Congress:

In my report "on the state of the Union," which I had the privilege of reading to you on the 2d of December last, I ventured to reserve for discussion at a later date the subject of additional legislation regarding the very difficult and intricate matter of trusts and monopolies. The time now seems opportune to turn to that great question; not only because the currency legislation, which absorbed your attention and the attention of the country in December, is now disposed of, but also because opinion seems to be clearing about us with singular rapidity in this other great field of action. In the matter of the currency it cleared suddenly and very happily after the much-debated Act was passed; in respect of the monopolies which have multiplied about us and in regard to the various means by which they have been organized and maintained it seems to be coming to a clear and all but universal agreement in anticipation of our action, as if by way of preparation, making the way easier to see and easier to set out upon with confidence and without confusion of counsel.

Legislation has its atmosphere like everything else, and the atmosphere of accommodation and mutual understanding which we now

breathe with so much refreshment is matter of sincere congratulation. It ought to make our task very much less difficult and embarrassing than it would have been had we been obliged to continue to act amidst the atmosphere of suspicion and antagonism which has so long made it impossible to approach such questions with dispassionate fairness. Constructive legislation, when successful, is always the embodiment of convincing experience, and of the mature public opinion which finally springs out of that experience. Legislation is a business of interpretation, not of origination; and it is now plain what the opinion is to which we must give effect in this matter. It is not recent or hasty opinion. It springs out of the experience of a whole generation. It has clarified itself by long contest, and those who for a long time battled with it and sought to change it are now frankly and honorably yielding to it and seeking to conform their actions to it.

The great business men who organized and financed monopoly and those who administered it in actual everyday transactions have year after year, until now, either denied its existence or justified it as necessary for the effective maintenance and development of the vast business processes of the country in the modern circumstances of trade and manufacture and finance; but all the while opinion has made head against them. The average business man is convinced that the ways of liberty are also the ways of peace and the ways of success as well; and at last the masters of business on the great scale have begun to yield their preference and purpose, perhaps their judgment also, in honorable surrender.

What we are purposing to do, therefore, is, happily, not to hamper or interfere with business as enlightened business men prefer to do it, or in any sense to put it under the ban. The antagonism between business and government is over. We are now about to give expression to the best business judgment of America, to what we know to be the business conscience and honor of the land. The Government and business men are ready to meet each other half way in a common effort to square business methods with both public opinion and the law. The best informed men of the business world condemn the methods and processes and consequences of monopoly as we condemn them; and the instinctive judgment of the vast majority of business men everywhere goes with them. We shall now be their spokesmen. That is the strength of our position and the sure prophecy of what will ensue when our reasonable work is done.

When serious contest ends, when men unite in opinion and purpose, those who are to change their ways of business joining with those who ask for the change, it is possible to effect it in the way in which prudent and thoughtful and patriotic men would wish to see it brought about, with as few, as slight, as easy and simple business readjustments as possible in the circumstances, nothing essential disturbed,

nothing torn up by the roots, no parts rent asunder which can be left in wholesome combination. Fortunately, no measures of sweeping or novel change are necessary. It will be understood that our object is *not* to unsettle business or anywhere seriously to break its established courses athwart. On the contrary, we desire the laws we are now about to pass to be the bulwarks and safeguards of industry against the forces that have disturbed it. What we have to do can be done in a new spirit, in thoughtful moderation, without revolution of any untoward kind.

We are all agreed that "private monopoly is indefensible and intolerable," and our programme is founded upon that conviction. It will be a comprehensive but not a radical or unacceptable programme and these are its items, the changes which opinion deliberately sanctions and for which business waits:

It waits with acquiescence, in the first place, for laws which will effectually prohibit and prevent such interlockings of the *personnel* of the directorates of great corporations—banks and railroads, industrial, commercial, and public service bodies—as in effect result in making those who borrow and those who lend practically one and the same, those who sell and those who buy but the same persons trading with one another under different names and in different combinations, and those who affect to compete in fact partners and masters of some whole field of business. Sufficient time should be allowed, of course, in which to effect these changes of organization without inconvenience or confusion.

Such a prohibition will work much more than a mere negative good by correcting the serious evils which have arisen because, for example, the men who have been the directing spirits of the great investment banks have usurped the place which belongs to independent industrial management working in its own behoof. It will bring new men, new energies, a new spirit of initiative, new blood, into the management of our great business enterprises. It will open the field of industrial development and origination to scores of men who have been obliged to serve when their abilities entitled them to direct. It will immensely hearten the young men coming on and will greatly enrich the business activities of the whole country.

In the second place, business men as well as those who direct public affairs now recognize, and recognize with painful clearness, the great harm and injustice which has been done to many, if not all, of the great railroad systems of the country by the way in which they have been financed and their own distinctive interests subordinated to the interests of the men who financed them and of other business enterprises which those men wished to promote. The country is ready, therefore, to accept, and accept with relief as well as approval, a law which will confer upon the Interstate Commerce Commission the power to

superintend and regulate the financial operations by which the railroads are henceforth to be supplied with the money they need for their proper development to meet the rapidly growing requirements of the country for increased and improved facilities of transportation. We can not postpone action in this matter without leaving the railroads exposed to many serious handicaps and hazards; and the prosperity of the railroads and the prosperity of the country are inseparably connected. Upon this question those who are chiefly responsible for the actual management and operation of the railroads have spoken very plainly and very earnestly, with a purpose we ought to be quick to accept. It will be one step, and a very important one, toward the necessary separation of the business of production from the business of transportation.

The business of the country awaits also, has long awaited and has suffered because it could not obtain, further and more explicit legislative definition of the policy and meaning of the existing antitrust law. Nothing hampers business like uncertainty. Nothing daunts or discourages it like the necessity to take chances, to run the risk of falling under the condemnation of the law before it can make sure just what the law is. Surely we are sufficiently familiar with the actual processes and methods of monopoly and of the many hurtful restraints of trade to make definition possible, at any rate up to the limits of what experience has disclosed. These practices, being now abundantly disclosed, can be explicitly and item by item forbidden by statute in such terms as will practically eliminate uncertainty, the law itself and the penalty being made equally plain.

And the business men of the country desire something more than that the menace of legal process in these matters be made explicit and intelligible. They desire the advice, the definite guidance and information which can be supplied by an administrative body, an interstate trade commission.

The opinion of the country would instantly approve of such a commission. It would not wish to see it empowered to make terms with monopoly or in any sort to assume control of business, as if the Government made itself responsible. It demands such a commission only as an indispensable instrument of information and publicity, as a clearing house for the facts by which both the public mind and the managers of great business undertakings should be guided, and as an instrumentality for doing justice to business where the processes of the courts or the natural forces of correction outside the courts are inadequate to adjust the remedy to the wrong in a way that will meet all the equities and circumstances of the case.

Producing industries, for example, which have passed the point up to which combination may be consistent with the public interest and the freedom of trade, can not always be dissected into their com-

ponent units as readily as railroad companies or similar organizations can be. Their dissolution by ordinary legal process may oftentimes involve financial consequences likely to overwhelm the security market and bring upon it breakdown and confusion. There ought to be an administrative commission capable of directing and shaping such corrective processes, not only in aid of the courts but also by independent suggestion, if necessary.

Inasmuch as our object and the spirit of our action in these matters is to meet business half way in its processes of self-correction and disturb its legitimate course as little as possible, we ought to see to it, and the judgment of practical and sagacious men of affairs everywhere would applaud us if we did see to it, that penalties and punishments should fall, not upon business itself, to its confusion and interruption, but upon the individuals who use the instrumentalities of business to do things which public policy and sound business practice condemn. Every act of business is done at the command or upon the initiative of some ascertainable person or group of persons. These should be held individually responsible and the punishment should fall upon them, not upon the business organization of which they make illegal use. It should be one of the main objects of our legislation to divest such persons of their corporate cloak and deal with them as with those who do not represent their corporations, but merely by deliberate intention break the law. Business men the country through would, I am sure, applaud us if we were to take effectual steps to see that the officers and directors of great business bodies were prevented from bringing them and the business of the country into disrepute and danger.

Other questions remain which will need very thoughtful and practical treatment. Enterprises, in these modern days of great individual fortunes, are oftentimes interlocked, not by being under the control of the same directors, but by the fact that the greater part of their corporate stock is owned by a single person or group of persons who are in some way intimately related in interest. We are agreed, I take it, that holding *companies* should be prohibited, but what of the controlling private ownership of individuals or actually co-operative groups of individuals? Shall the private owners of capital stock be suffered to be themselves in effect holding companies? We do not wish, I suppose, to forbid the purchase of stocks by any person who pleases to buy them in such quantities as he can afford, or in any way arbitrarily to limit the sale of stocks to bona fide purchasers. Shall we require the owners of stock, when their voting power in several companies which ought to be independent of one another would constitute actual control, to make election in which of them they will exercise their right to vote? This question I venture for your consideration.

There is another matter in which imperative considerations of justice and fair play suggest thoughtful remedial action. Not only do many of the combinations effected or sought to be effected in the industrial world work an injustice upon the public in general; they also directly and seriously injure the individuals who are put out of business in one unfair way or another by the many dislodging and exterminating forces of combination. I hope that we shall agree in giving private individuals who claim to have been injured by these processes the right to found their suits for redress upon the facts and judgments proved and entered in suits by the Government where the Government has upon its own initiative sued the combinations complained of and won its suit, and that the statute of limitations shall be suffered to run against such litigants only from the date of the conclusion of the Government's action. It is not fair that the private litigant should be obliged to set up and establish again the facts which the Government has proved. He can not afford, he has not the power, to make use of such processes of inquiry as the Government has command of. Thus shall individual justice be done while the processes of business are rectified and squared with the general conscience.

I have laid the case before you, no doubt as it lies in your own mind, as it lies in the thought of the country. What must every candid man say of the suggestions I have laid before you, of the plain obligations of which I have reminded you? That these are new things for which the country is not prepared? No; but that they are old things, now familiar, and must of course be undertaken if we are to square our laws with the thought and desire of the country. Until these things are done, conscientious business men the country over will be unsatisfied. They are in these things our mentors and colleagues. We are now about to write the additional articles of our constitution of peace, the peace that is honor and freedom and prosperity.

EXECUTIVE ORDER.

[To Prevent the Corrupt Influencing of Agents, Employees or Servants in the Canal Zone.]

THE WHITE HOUSE, *January 21, 1914.*

By virtue of the authority vested in me I hereby establish the following Executive order for the Canal Zone:

Section 1. It shall be unlawful for any person to give, offer or promise to an agent, employee or servant, any gift or gratuity whatever without the knowledge and consent of the principal, employer or master of such agent, employee or servant with intent to influence his action in relation to the business of his principal, employer, or master;

or for any agent, employee or servant, without the knowledge and consent of his principal, employer or master, to request or accept a gift, or gratuity, or the promise of any gift or gratuity whatever beneficial to himself, under an agreement or with an understanding that he shall act in any particular manner in respect to the business of his principal, employer, or master; or for any agent, employee or servant authorized to procure materials, supplies or other articles either by purchase or contract for his principal, employer or master, or to employ servants or labor for his principal, employer or master, to request or accept or agree to accept, for himself or another, directly or indirectly, a commission, discount or bonus from the person who makes the sale or contract, or furnishes such materials, supplies or articles or from the person who renders such service or labor; or for any person to give or offer to such agent, employee, or servant such commission, discount or bonus.

A violation of any of the provisions of this order shall be punished by a fine of not less than ten dollars nor more than five hundred dollars, or by imprisonment in jail for not more than one year, or both such fine and imprisonment in the discretion of the Court.

Sec. 2. This order shall take effect thirty days from and after its publication in the Canal Record.

WOODROW WILSON.

EXECUTIVE ORDER.

[To Prevent Fire-hunting at Night, and Hunting by Means of a Spring or Trap in the Canal Zone, and to Repeal the Executive Order of September 8, 1909.]

THE WHITE HOUSE, *January 27, 1914.*

By virtue of the authority vested in me I hereby establish the following order for the Canal Zone.

Section 1. Every person who shall hunt at night, between the hours of sunset and sunrise, with the aid or use of a lantern, torch, bonfire, or other artificial light, or who shall hunt by the use of a gun or other firearm intended to be discharged by an animal or bird, by means of a spring or trap, or other similar mechanical device, shall be guilty of a misdemeanor.

The penalties imposed by this Order shall be in addition to the punishments authorized by the law against carrying arms without a permit.

Sec. 2. The Executive Order of September 8, 1909, amending Section 454 of the Penal Code of the Canal Zone, is hereby repealed.

SEC. 3. This order shall take effect thirty days from and after its publication in the Canal Record.

WOODROW WILSON.

EXECUTIVE ORDER.

[To Establish a Permanent Organization for the Operation and Government of the Panama Canal.]

THE WHITE HOUSE, *January 27, 1914.*

By virtue of the authority vested in me, I hereby enact the following order, creating a permanent organization for the Panama Canal, under the Act of Congress "To provide for the opening, maintenance, protection and operation of the Panama Canal and the sanitation and government of the Canal Zone," approved August 24, 1912.

Section 1. The organization for the completion, maintenance, operation, government and sanitation of the Panama Canal and its adjuncts and the government of the Canal Zone shall consist of the following departments, offices and agencies, and such others as may be established by the Governor of the Panama Canal on the Isthmus or elsewhere with the approval of the President, all to be under the direction of the Governor, subject to the supervision of the Secretary of War.

DEPARTMENT OF OPERATION AND MAINTENANCE.

There shall be a Department of Operation and Maintenance under the immediate supervision and direction of the Governor of the Panama Canal. This Department shall be charged with the construction of the Canal and with its operation and maintenance when completed, including all matters relating to traffic of the Canal and its adjuncts, and the operation and maintenance of beacons, lights and lighthouses; the supervision of ports and waterways, including pilotage; the admeasuring and inspecting of vessels, including hulls and boilers; the operation and maintenance of the Panama Railroad upon the Isthmus, including telephone and telegraph systems; the operation of locks, coaling plants, shops, dry-docks and wharves; office engineering, including meteorology and hydrography; the construction of buildings and sanitary and municipal engineering, including the construction and maintenance of drainage ditches, streets, roads and bridges.

PURCHASING DEPARTMENT.

There shall be a Purchasing Department under the supervision and direction of the Governor. This department shall be charged with the purchase of all supplies, machinery or necessary plant.

SUPPLY DEPARTMENT.

There shall be a Supply Department, under the supervision and direction of the Chief Quartermaster. This department shall store and distribute all material and supplies for use of the Panama Canal and of its employees; and for other departments of the Government on the

Isthmus and their employees; and for vessels of the United States and for other vessels, when required. The Supply Department shall operate commissaries, hotels and messes; shall be in charge of the maintenance of buildings, the assignment of quarters and the care of grounds; shall recruit and distribute unskilled labor; and shall have charge of the necessary animal transportation.

ACCOUNTING DEPARTMENT.

There shall be an Accounting Department under the supervision and direction of the Auditor, with an assistant in the United States. The duties of the department shall include all general bookkeeping, auditing and accounting, both for money and property, costkeeping, the examination of payrolls and vouchers, the inspection of time books and of money and property accounts, the preparation of statistical data, and the administrative examination of such accounts as are required to be submitted to the United States Treasury Department; and the collection, custody and disbursement of funds for the Panama Canal and the Canal Zone. These same duties shall be performed for the Panama Railroad Company on the Isthmus when not inconsistent with the charter and by-laws of that Company. The department shall be charged with the handling of claims for compensation on account of personal injuries and of claims for damages to vessels. Within the limits fixed by law, the duties and financial responsibilities of the officers and employees charged with the receipt, custody, disbursement, auditing and accounting for funds and property shall be prescribed in regulations issued by the Governor, with the approval of the President. The Auditor shall maintain such a system of bookkeeping as will enable him to furnish at any time full, complete and correct information in regard to the status of appropriations made by Congress, the status of all other funds, and the amounts of net profits on all operations, which are to be covered into the Treasury as required by the Panama Canal Act.

HEALTH DEPARTMENT.

There shall be a Health Department under the supervision and direction of the Chief Health Officer. This department shall be charged with all matters relating to maritime sanitation and quarantine in the ports and waters of the Canal Zone and in the harbors of the cities of Panama and Colon, and with land sanitation in the Canal Zone, and sanitary matters in said cities in conformity with the Canal Treaty between the United States and the Republic of Panama and existing agreements between the two governments thereunder, and all matters relating to hospitals and charities.

EXECUTIVE SECRETARY.

There shall be an Executive Secretary who, under the direction of the Governor of the Panama Canal, shall be charged with the supervision of all matters relating to the keeping of time of employees; to postoffices, customs, taxes and excises, excepting the collection thereof; police and prison; fire protection; land office; schools, clubs and law library; the custody of files and records; and the administration of estates of deceased and insane employees. He shall, in person or through one of his assistants, perform the duties of a Shipping Commissioner. He shall conduct all correspondence and communications between the authorities of the Canal Zone and the Government of the Republic of Panama and such other correspondence as may be given him in charge by the Governor. He shall have charge of the seal of the Government of the Canal Zone and shall attest such acts of the Government as are required by law to be performed and done under the seal.

The duties herein prescribed for the foregoing departments, offices and agencies will be assigned to divisions or bureaus thereunder by the Governor of the Panama Canal, as the necessities therefor arise. Each of the foregoing departments shall discharge such further duties as may be assigned to it from time to time by the Governor; and the Governor, with the approval of the President, may transfer from time to time specific duties from one department to another.

Sec. 2. The organization provided for in Section 1 shall be, in general, in accordance with the outline chart accompanying the memorandum of January 27, 1914, entitled "Memorandum to Accompany Executive Order of January 27, 1914, Providing for a Permanent Organization for the Panama Canal," and officers from certain departments shall be detailed in accordance with that memorandum.

Sec. 3. This order shall take effect from and after the 1st day of April, 1914, from which date the Isthmian Canal Commission, together with the present organization for the Panama Canal and the Canal Zone, shall cease to exist, in accordance with the terms of the above-mentioned Act of Congress.

WOODROW WILSON.

MEMORANDUM TO ACCOMPANY EXECUTIVE ORDER OF JANUARY 27, 1914, PROVIDING FOR A PERMANENT ORGANIZATION FOR THE PANAMA CANAL.

In construing and carrying out the foregoing order, I direct that it be done with the following considerations in view:

I have deemed it advisable for reasons of efficiency, economy and good administration to have all the activities connected with the Panama Canal under the supervision of one Cabinet officer.

The troops which will be stationed on the Canal Zone for the protection of the Panama Canal are under the Secretary of War; the Panama Canal Act provides that in time of war an Officer of the Army shall, upon the order of the President, have exclusive authority over the operation of the Panama Canal and the Government of the Canal Zone; the construction of the Canal has been successfully carried on under the supervision of the Secretary of War; the logical conclusion is, therefore, that the supervision of the operations of the Panama Canal under the permanent organization should be under the Secretary of War.

It is directed that officers shall be detailed for certain duties from the several departments as follows:

As Engineer of Maintenance, an Officer of the Corps of Engineers, U. S. Army, who shall act as Governor in the absence or disability of the Governor of the Panama Canal.

As Superintendent of Transportation, an Officer of the U. S. Navy.

As Electrical Engineer, an Officer of the Corps of Engineers, U. S. Army.

As Captains of the Terminal Ports, Officers of the U. S. Navy.

As Superintendent of Shops and Dry Docks, a Naval Constructor, U. S. Navy.

As Chief Health Officer, an Officer of the Medical Corps, U. S. Army.

As Superintendent of Hospitals, an Officer of the Medical Corps, U. S. Army.

As Chief Officer of the Quarantine Division, an Officer of the U. S. Bureau of the Public Health.

As Chief Quartermaster, an Officer of the Quartermaster Corps, U. S. Army.

The organization is to be in general accordance with the chart accompanying this memorandum, except that all of the various divisions and sub-divisions need not be established until in the opinion of the Governor it is desirable to do so, the organization being expanded gradually as the necessities of the work require.

WOODROW WILSON.

EXECUTIVE ORDER.

[Providing Conditions of Employment for the Permanent Force for the Panama Canal, the Canal Zone, the Panama Railroad, etc.]

THE WHITE HOUSE, *February 2, 1914.*

By virtue of the authority vested in me by law, it is hereby ordered that the general conditions of employment governing employees on the

Isthmus of Panama, necessary for the completion, care, management, maintenance, sanitation, government and operation of the Panama Canal, the Canal Zone, the Panama Railroad, and other adjuncts, shall be as follows:

APPOINTMENT AND COMPENSATION.

1. The salaries or compensation of employees shall in no instance exceed by more than twenty-five per centum the salaries or compensation paid for the same or similar services to persons employed by the Government in Continental United States, as determined by the Governor of the Panama Canal.

2. Service must be satisfactory to the head of the department in which employed, and employees are subject to the regulations of the Governor.

3. The compensation and conditions of employment of persons employed in the United States will be specified in provisional appointments. The compensation of such persons will begin upon date of embarkation at port of departure from the United States, and they will be granted free transportation from port of departure, including meals on the steamer, but no compensation or expenses for the journey to the port; but former employees from the United States whose next preceding service with the Panama Canal was less than one year shall be paid only from date of entry into service on the Isthmus, and will be allowed only such reduced rates of transportation to the Isthmus as may be available for Government employees. Employees appointed at an hourly rate will be paid for the period of transit to the Isthmus on the basis of an eight hour day exclusive of Sundays. Except in case of discharge or other separation from the service beyond the employee's control, payment of salary from date of embarkation to date of arrival on the Isthmus will not be made unless service on the Isthmus continues for thirty days.

4. All officers and employees in the service of the Panama Canal except those who are to perform the duties of clerk, bookkeeper, stenographer, typewriter, surgeon, physician, trained nurse, or draftsman, shall be exempt from examination under Civil Service rules, and appointments to clerical positions on the Isthmus of Panama paying $75.00 per month or less may also be made without examination. Officers and employees now in the service of the Panama Railroad Company on the Isthmus may be transferred to and retained in the service of the Panama Canal without examination, whenever any work now performed independently by the Panama Railroad is consolidated with similar work performed by the Panama Canal.

5. When employees in the present organization are transferred to the permanent organization, they shall retain their seniority as regards questions of Civil Service, quarters, and other privileges or considera-

tions; provided, however, that the seniority granted to employees by this order shall not be operative in any case so as to form any claim involving the payment of funds of the United States.

6. All employees who receive over $75.00 per month or over 40c. per hour must be citizens of the United States or the Republic of Panama, and such citizens will be given preference for employment in all grades. Aliens may not be employed in such grades unless

(a) they have occupied similar positions during the construction of the Canal for two years or more, or

(b) in case of emergency, in which latter case they must be replaced by citizens of the United States or Republic of Panama as early as practicable.

7. The Governor shall prescribe regulations, when not otherwise fixed in this order, setting forth the qualifications necessary for appointment of the various classes of employees, including physical fitness for work on the Isthmus. The age limit shall in all cases be under 45 years, but the Governor may waive this limit when in his judgment such action is for the good of the service.

8. All appointments shall be made by the Governor of the Panama Canal, or by his authority, except the district judge, district attorney, marshal, clerk of district court and his assistant.

9. Assignment to duty is vested in the respective heads of the departments, and employees will be expected to perform such duties as may properly be assigned to them. The Governor may discharge an employee at any time for cause, and terminate a provisional appointment when the exigencies of the service so require.

10. The Government reserves the right to pay in any money the value or parity of which is guaranteed by the United States.

11. Employees whose salaries are fixed on a monthly or annual basis will receive no pay for overtime work.

12. Employees above the grade of laborer, appointed with rates of pay per hour or per day, will not be employed over eight hours in any one calendar day, except in case of emergency. The time such employees work over eight hours in one calendar day, and time worked on Sundays and regularly authorized holidays, including January 1st, February 22d, May 30th, July 4th, Labor Day, Thanksgiving Day, and December 25th, shall be considered overtime, for which time and one-half will be allowed. Such employees who work on the days prior and subsequent to the holidays specifically named above will be allowed their regular pay for eight hours for such days, in addition to pay for any work performed.

13. An employee whose compensation while on duty carries with it subsistence will not be entitled to same or commutation thereof while on leave of absence, and no commutation of quarters shall be paid.

TRANSPORTATION.

14. Employees and dependent members of their families will be granted the regular Government rate upon commercial steamship lines with which arrangements for such rates can be made. While the United States operates a steamship line, either directly or through the Panama Railroad Company, employees and the dependent members of their families will be granted transportation at the same rates and under the same conditions as are at present in effect. The rates and conditions are subject to change at any time in the discretion of the Governor.

15. After three years' service, employees who are citizens of the United States will be entitled to free transportation for themselves only, on termination of service, to any port of the United States, except that when such transportation costs the Government more than $40.00 the employee must pay the excess.

16. Employees on the gold roll will be granted one complimentary round-trip pass on the Panama Railroad each calendar month. Mileage books for use of such employees and dependent members of their families or relatives temporarily residing with them, will be furnished at one-half regular tariff rates.

QUARTERS.

17. Where practicable, such bachelor quarters on the Isthmus as may be available from time to time will be assigned all employees desiring them. Family quarters, when available, will be assigned under such rules as may be prescribed by the Governor. A charge will be made for rent, fuel, and electric current at such time and in accordance with such regulations as the President may hereafter establish.

MEDICAL CARE.

18. Employees injured will be compensated in accordance with such regulations as are prescribed by law.

19. All employees in cases of illness or injury will receive free medical care and attendance in the hospitals, except in cases of alcoholism or venereal disease. If medical attendance is furnished in quarters, a charge may be made under regulations to be prescribed by the Governor. Employees will be charged for medical care and attendance furnished members of their families at the hospitals and at their quarters at such rates and under such regulations as may be prescribed by the Governor.

LEAVE REGULATIONS.

20. All employees who are citizens of the United States, and aliens whose compensation is more than $75.00 per month or 40c. per hour, shall be entitled to leave privileges.

21. Leave will be divided into three classes, viz.: (1) annual leave, (2) cumulative leave, and (3) travel leave.

ANNUAL LEAVE.

22. Twenty-four days annual leave will be allowed each employee for each year after entry into service and, if not granted prior to the close of the year, is forfeited and may not be accumulated, except that any annual leave remaining to an employee's credit in a year in which he is granted cumulative leave may be added to the cumulative leave if taken within two months after the close of his service year.

23. The service year shall date from the day on which an employee's pay in the permanent organization begins.

24. Absences of one-half day or more, when regularly authorized, will be charged against annual leave; also absences on account of illness or injury, upon the certificate of an authorized physician in the service of the Panama Canal, except that in the following classes of cases no payment shall be made for time lost, but the time shall be charged against the annual leave:

(a) Illness due to the fault of the employee, as venereal disease and alcoholism.
(b) Injury due to the employee's wilful intention to bring about the injury or death of himself or another.
(c) Elective surgical operations to relieve conditions existing prior to service on the Isthmus.

25. In the case of hourly or per diem employees annual leave on account of sickness or injury shall be based upon a day of eight hours.

26. Not more than fourteen days annual leave may be taken during the first six months of a service year. In case of illness or injury in the first six months, to cover which no annual leave remains to the employee's credit, the time lost will be charged against the annual leave remaining for the year, and payment will be made after completing ten months of the service year. After the entire twenty-four days annual leave has been used, additional leave in that service year on account of illness or injury will be deducted from the cumulative leave for that year and when the cumulative leave becomes due the employee will be paid.

27. After exhausting both annual and cumulative leave for the year, additional absence on account of illness or injury will be without pay, except such compensation as may be prescribed by law for employees receiving personal injuries.

CUMULATIVE LEAVE.

28. Thirty days cumulative leave will be allowed each employee paid on a monthly or annual basis for each year of his service, and twenty

days to each employee paid on an hourly basis. This leave will be due after completing ten months' service each year and may be taken when the employee's service can be spared. It may be taken annually or left to accumulate to the credit of the employee, provided, however, that leave may not be accumulated for more than three years. If it is not desired to take the entire leave accumulated, the leave earned for the first year, or the first and second years, may be taken, provided that no employee, except at termination of service, may be granted more than ninety days leave with pay at one time. Employees will be paid for cumulative leave at the rate earned when the leave became due at the end of the tenth month of each respective year.

29. In case an employee serves part of a year on the monthly or annual basis and part on the hourly basis, he will be allowed twenty days cumulative leave, except that if he has served eight months or more on the monthly or annual basis during the year he will be granted thirty days cumulative leave.

TRAVEL LEAVE.

30. Employees who travel to points outside the tropics, when on cumulative leave, will be allowed seven days additional leave (or travel leave) with full pay. Travel leave may be allowed approximately once a year and is not cumulative.

31. Employees will be compensated for travel leave and annual leave taken in conjunction with cumulative leave at the rate earned when cumulative leave last became due.

32. After accumulating leave for three years, an employee ceases to earn additional cumulative leave until he is granted all or part of the cumulative leave already earned, unless he shall enter on cumulative leave within two months after completing the third year, or be ordered by the Governor to defer taking leave for official reasons.

33. When an employee's services are terminated on account of misconduct or unsatisfactory service, any annual leave due and travel leave will be forfeited, and cumulative leave will also be forfeited unless written notification has been given that the employee has accumulated the leave, or the four months period within which the employee may enter on leave has passed. Such written notice must be given by employees as soon as possible after cumulative leave becomes due.

34. When an employee's service is terminated, a cash payment in commutation of leave will be made to him for the number of days' cumulative leave due, plus the annual leave due. In the event of his death his estate will be paid the sum due.

35. Employees must enter on cumulative leave within four months after the date when it becomes due, except when accumulated, or unless otherwise authorized by the Governor.

36. Employees must report from leave within one week after the authorized leave expires or forfeit pay for the leave. In case of unavoidable delay, the Governor will decide whether the circumstances warrant an exception to this rule.

37. No restrictions are placed on the localities where leave may be spent.

38. Any employee transferred from the present force to the permanent operating force will be paid at the time of transfer, in addition to his regular compensation, the amount he would have received in payment for leave had he been separated from the service at the time of transfer.

39. Leave may be taken only at the convenience of heads of departments, who may direct an employee to accumulate his leave if necessary for the conduct of the work.

40. Leave without pay may be granted by the Governor to all employees, including laborers, for such period as may be prescribed by him.

OFFICE HOURS AND HOURS OF LABOR.

41. Office hours and hours of labor will be fixed by the Governor within the limits prescribed by law.

42. This order shall take effect from and after the 1st day of April, 1914.

WOODROW WILSON.

By the President of the United States of America.

A PROCLAMATION.

[Exportation of Arms or Munitions of War to Mexico.]

Whereas, by a Proclamation of the President issued on March 14, 1912, under a Joint Resolution of Congress approved by the President on the same day, it was declared that there existed in Mexico conditions of domestic violence which were promoted by the use of arms or munitions of war procured from the United States; and

Whereas, by the Joint Resolution above mentioned it thereupon became unlawful to export arms or munitions of war to Mexico except under such limitations and exceptions as the President should prescribe:

Now, therefore, I, Woodrow Wilson, President of the United States of America, hereby declare and proclaim that, as the conditions on which the Proclamation of March 14, 1912, was based have essentially changed, and as it is desirable to place the United States with reference

to the exportation of arms or munitions of war to Mexico in the same position as other Powers, the said Proclamation is hereby revoked.

In witness whereof, I have hereunto set my hand and caused the seal of the United States to be affixed.

Done at the City of Washington this third day of February, in the year of our Lord one thousand nine hundred and fourteen, [SEAL] and of the Independence of the United States the one hundred and thirty-eighth.

WOODROW WILSON.

By the President:
W. J. BRYAN, *Secretary of State.*

EXECUTIVE ORDER.

[To Establish a Washington Office of The Panama Canal, to Provide Temporarily for the Organization, Officials and Employees Thereof, and to Continue in Force for The Panama Canal, Rules, Regulations, and Executive Orders which may have been made for the Isthmian Canal Commission.]

THE WHITE HOUSE, *March 2, 1914.*

By virtue of the authority vested in me it is hereby ordered:

Section 1. That an office of The Panama Canal is established in the City of Washington in the District of Columbia.

Sec. 2. That the Washington Office of The Panama Canal shall be the office of general records in the United States, and shall succeed to the custody, care and preservation of all the records and files of the Isthmian Canal Commission, to be retained and preserved in the United States on and after April 1, 1914, and shall also succeed to and become chargeable with all property of every kind and character purchased for the Washington Office of the Isthmian Canal Commission, which is on hand April 1, 1914.

Sec. 3. That the Washington Office of The Panama Canal shall be the headquarters and the principal office of the Purchasing Department of The Panama Canal. The head of the Purchasing Department of The Panama Canal, under the direction of the Governor, shall have administrative control of the Washington Office of The Panama Canal. He shall be subject to orders and supervision of the Chief of Engineers of the U. S. Army to such extent as may be directed by the Secretary of War. He shall be General Purchasing Officer for The Panama Canal, and shall also act as the Chief of the Washington Office of The Panama Canal.

Sec. 4. That until further ordered, the Washington Office of The Panama Canal shall have the same organization as to offices and departments (except the Office of the Assistant Examiner of Accounts

NATIONAL PALACE, MEXICO

VERA CRUZ TAKEN BY AMERICAN FLEET

Naval forces of the United States took possession of Vera Cruz, Mexico, April 21, 1914, under orders from President Wilson, with the authority of Congress. No organized resistance was made to the landing, but desultory firing from house-tops and ambuscades necessitated the throwing of a few shells from the ships and a sharp defense fire from marines to dislodge the Mexican sharpshooters. Four marines and thirteen sailors were killed and fifty were wounded in the operations. After two days it was reported that 126 Mexicans had been killed and 195 wounded.

General Funston, with the Fifth Brigade of infantry, was landed in the city. Secretary of War Garrison proposed that the land forces should advance inland to protect the bridges on the railroad leading to Mexico City.

Vera Cruz harbor became the rendezvous of the fleet on the eastern coast of Mexico, including the commands of Rear-Admirals Fletcher, Badger and Mayo. Fifty-two ships and 22,775 men were off the east and west coasts of Mexico for blockading purposes.

and the Disbursing Office) as the Washington Office of the Isthmian Canal Commission shall have on March 31, 1914. The number, class and salaries of officials and employees in each of the offices and departments, except as hereinafter provided, shall be the same as those authorized for the Washington Office of the Isthmian Canal Commission on March 31, 1914, and any change in the salary of any position, or in the number of positions in any office or department, shall be made only as now provided by law. The officers and employees, except as hereinafter provided, shall perform the same class of duties that they may be assigned to on March 31, 1914.

Sec. 5. That the Assistant Auditor provided for in Executive Order No. 1885, dated January 27, 1914, shall be appointed April 1, 1914. His salary shall be fixed by the Governor. He shall perform such duties of the Accounting Department to be performed in the United States, as may be assigned to him by the Auditor, and also such other duties of a general nature as may be assigned to him by the Chief of the Washington Office of The Panama Canal.

On and after April 1, 1914, there shall be transferred to the Assistant Auditor, and he shall be charged with the custody, care and preservation of, all records and property of the Disbursing Officer and of the Assistant Examiner of Accounts of the Isthmian Canal Commission, with which those officers shall be charged on March 31, 1914.

The Chief of the Washington Office may, however, transfer to and place in the custody of the Disbursing Clerk, hereinafter provided for, such of the property and records above described, as he may deem to be essential to enable the Disbursing Clerk to properly perform his duties under this order, but the Disbursing Clerk shall not be permitted, without specific authority from the Chief of Office, to keep a separate set of records and files. He shall be required to rely upon, and consult when necessary, the records and files in the office of the Assistant Auditor, in verifying the legality of claims and accounts submitted to him for payment, or to verify the details of any collection for which he is required to account. Disbursements will be made by the Disbursing Clerk only after examination of the claim or account in the office of the Assistant Auditor.

Such of the officers and employees employed in the office of the Assistant Examiner of Accounts and the Disbursing Office of the Isthmian Canal Commission on March 31, 1914, as the Governor determines to retain, shall be transferred to and employed in the Accounting Department in the United States, and their salaries fixed at such amounts as the Governor deems just and reasonable.

There shall be a Disbursing Clerk for that part of the Accounting Department in the United States, who shall perform similar duties to those that are required to be performed by the Collector and Paymaster on the Isthmus, in so far as there are such duties to be per-

formed in the United States, and shall be subject to the same supervision by the Assistant Auditor, as the Collector and Paymaster on the Isthmus are by the Auditor. He shall give bond in such amount as may be fixed by the Governor, or by his authority.

Such of the officers and employees as are transferred to and employed in the Accounting Department in the United States, shall be distributed between the office of the Assistant Auditor and that of the Disbursing Clerk, respectively, as the needs of the service require. They shall perform such duties as may be assigned to them by proper authority. They shall be subject to similar financial responsibilities, and to the same general rules and regulations that have been prescribed for like officers and employees employed in the Accounting Department on the Isthmus.

It is the purpose of this order, and it shall be so construed, as to require the Assistant Auditor of The Panama Canal to examine all claims and accounts before their payment by the Disbursing Clerk; to carry on all general correspondence in relation to claims and accounts required to be conducted by the Accounting Department in the United States; to prepare all vouchers and certify to the validity of all claims and accounts before they are submitted to the Disbursing Clerk for payment; to furnish to the Disbursing Clerk all necessary data to enable that officer to make reply to any exceptions that may be taken to his account by the Auditor for the War Department; to keep all general records required to be kept in the Accounting Department in the United States; to make all reports as to statistical data required to be sent to the Auditor on the Isthmus; to give an administrative examination to all accounts of the Disbursing Clerk before they are transmitted to the Auditor; to make an administrative examination of all claims which are to be submitted to the Auditor for direct settlement; to keep a complete record of all collections to be made and all moneys received by the Disbursing Clerk; to certify to the correctness of the Disbursing Clerk's accounts for collections; to see that bills collectible are issued and collections made in all proper cases; to have charge of all general files which are required to be kept by the Accounting Department in the United States; and to perform such other duties as may be assigned to him by the Auditor, or the Chief of the Washington Office.

Sec. 6. That any person holding appointment or employment in or under the Washington Office of the Isthmian Canal Commission on March 31, 1914, shall be eligible for appointment to, or employment in a like position in or under the Washington Office of The Panama Canal, created by this order, and all except those employed in the Accounting Department, will be considered to be transferred and appointed to such like position in or under the Washington Office of The Panama Canal, as of April 1, 1914, without further order or

appointment. The oath of office shall be taken by all officials and employees of the Washington Office.

Sec. 7. This order shall remain in force as a provisional order only, for the establishment of the Washington Office of The Panama Canal, until an order for the permanent organization of such office shall have been made.

Sec. 8. All rules, regulations and executive orders, not inconsistent with the provisions of this order and the Executive Orders of January 27, and February 2, 1914, heretofore made for the Isthmian Canal Commission, and applicable to conditions that will exist under these orders, shall be and are hereby continued in full force and effect, as rules, regulations, and executive orders for the government of officers and employees of The Panama Canal and the transaction of the business of The Panama Canal.

WOODROW WILSON.

SPECIAL ADDRESS.

[Recommending Repeal of that Provision of the Panama Canal Act which Exempts Vessels Engaged in the Coastwise Trade of the United States from Payment of Tolls. Delivered at a Joint Session of the two Houses of Congress, March 5, 1914.]

Gentlemen of the Congress:

I have come to you upon an errand which can be very briefly performed, but I beg that you will not measure its importance by the number of sentences in which I state it. No communication I have addressed to the Congress carried with it graver or more far-reaching implications as to the interest of the country, and I come now to speak upon a matter with regard to which I am charged in a peculiar degree, by the Constitution itself, with personal responsibility.

I have come to ask you for the repeal of that provision of the Panama Canal Act of August 24, 1912, which exempts vessels engaged in the coastwise trade of the United States from payment of tolls, and to urge upon you the justice, the wisdom, and the large policy of such a repeal with the utmost earnestness of which I am capable.

In my own judgment, very fully considered and maturely formed, that exemption constitutes a mistaken economic policy from every point of view, and is, moreover, in plain contravention of the treaty with Great Britain concerning the canal concluded on November 18, 1901. But I have not come to urge upon you my personal views. I have come to state to you a fact and a situation. Whatever may be our own differences of opinion concerning this much debated measure, its meaning is not debated outside the United States. Everywhere else the language of the treaty is given but one interpretation, and that interpretation precludes the exemption I am asking you to repeal,

We consented to the treaty; its language we accepted, if we did not originate it; and we are too big, too powerful, too self-respecting a nation to interpret with a too strained or refined reading the words of our own promises just because we have power enough to give us leave to read them as we please. The large thing to do is the only thing we can afford to do, a voluntary withdrawal from a position everywhere questioned and misunderstood. We ought to reverse our action without raising the question whether we were right or wrong, and so once more deserve our reputation for generosity and for the redemption of every obligation without quibble or hesitation.

I ask this of you in support of the foreign policy of the administration. I shall not know how to deal with other matters of even greater delicacy and nearer consequence if you do not grant it to me in ungrudging measure.

SPECIAL MESSAGE.

[Asking Congress to Authorize the Use of the Land and Naval Forces to Maintain the Dignity and Authority of the United States in Mexico and Compel Respect for the American Flag.—Read Before the Assembled House and Senate, April 20, 1914.]

Gentlemen of the Congress:

It is my duty to call your attention to a situation which has arisen in our dealings with Gen. Victoriano Huerta at Mexico City which calls for action, and to ask your advice and co-operation in acting upon it.

On April 9th a Paymaster of the U. S. S. *Dolphin* landed at the Iturbide bridge landing at Tampico with a whaleboat and boat's crew to take off certain supplies needed by his ship, and while engaged in loading the boat was arrested by an officer and squad of men of the army of General Huerta. Neither the Paymaster nor any one of the boat's crew was armed. Two of the men were in the boat when the arrest took place, and were obliged to leave it and submit to be taken into custody, notwithstanding the fact that the boat carried, both at her bow and at her stern, the flag of the United States. The officer who made the arrest was proceeding up one of the streets of the town with his prisoners when met by an officer of higher authority, who ordered him to return to the landing and await orders, and within an hour and a half from the time of the arrest orders were received from the commander of the Huertista forces at Tampico for the release of the Paymaster and his men.

The release was followed by apologies from the commander, and later by an expression of regret by General Huerta himself. General Huerta urged that martial law obtained at the time at Tampico; that

U. S. NAVAL AVIATOR LEAVES
BATTLESHIP FOR SCOUTING FLIGHT.
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AERIAL SCOUT MAKES SUCCESSFUL TOUR INLAND FROM NAVAL FLEET

Lieut. P. N. L. Bellinger, in charge of the aeroplane squad of the United States Navy, under command of Rear-Admiral Fletcher, left the battle ship fleet in Vera Cruz harbor, Mexico, April 29, 1914, and made a successful flight of twenty-five miles inland to ascertain whether the Mexicans had destroyed the San Francisco bridge on the Interoceanic Railroad. He flew back to the fleet and reported the bridge still intact.

orders had been issued that no one should be allowed to land at the Iturbide bridge, and that our sailors had no right to land there. Our naval commanders at the port had not been notified of any such prohibition, and, even if they had been, the only justifiable course open to the local authorities would have been to request the Paymaster and his crew to withdraw and to lodge a protest with the commanding officer of the fleet. Admiral Mayo regarded the arrest as so serious an affront that he was not satisfied with the apologies offered, but demanded that the flag of the United States be saluted with special ceremony by the military commander of the port.

The incident can not be regarded as a trivial one, especially as two of the men arrested were taken from the boat itself—that is to say, from the territory of the United States; but had it stood by itself, it might have been attributed to the ignorance or arrogance of a single officer.

Unfortunately, it was not an isolated case. A series of incidents have recently occurred which can not but create the impression that the representatives of General Huerta were willing to go out of their way to show disregard for the dignity and rights of this Government, and felt perfectly safe in doing what they pleased, making free to show in many ways their irritation and contempt.

A few days after the incident at Tampico an orderly from the U. S. S. *Minnesota* was arrested at Vera Cruz while ashore in uniform to obtain the ship's mail, and was for a time thrown into jail. An official dispatch from this Government to its embassy at Mexico City was withheld by the authorities of the telegraphic service until peremptorily demanded by our *Chargé d'Affaires* in person.

So far as I can learn, such wrong and annoyances have been suffered to occur only against representatives of the United States. I have heard of no complaints from other governments of similar treatment. Subsequent explanations and formal apologies did not and could not alter the popular impression, which it is possible it had been the object of the Huertista authorities to create, that the Government of the United States was being singled out, and might be singled out with impunity, for slights and affronts in retaliation for its refusal to recognize the pretensions of General Huerta to be regarded as the Constitutional Provisional President of the Republic of Mexico.

The manifest danger of such a situation was that such offenses might grow from bad to worse until something happened of so gross and intolerable a sort as to lead directly and inevitably to armed conflict. It was necessary that the apologies of General Huerta and his representatives should go much further, that they should be such as to attract the attention of the whole population to their significance, and such as to impress upon General Huerta himself the necessity of seeing to it that no further occasion for explanations and professed regrets should arise. I, therefore, felt it my duty to sustain Admiral Mayo

in the whole of his demand and to insist that the flag of the United States should be saluted in such a way as to indicate a new spirit and attitude on the part of the Huertistas.

Such a salute General Huerta has refused, and I have come to ask your approval and support in the course I now purpose to pursue.

This Government can, I earnestly hope, in no circumstances be forced into war with the people of Mexico. Mexico is torn by civil strife. If we are to accept the tests of its own Constitution, it has no government. General Huerta has set his power up in the City of Mexico, such as it is, without right and by methods for which there can be no justification. Only part of the country is under his control.

If armed conflict should unhappily come as a result of his attitude of personal resentment toward this Government, we should be fighting only General Huerta and those who adhere to him and give him their support, and our object would be only to restore to the people of the distracted republic the opportunity to set up again their own laws and their own government.

But I earnestly hope that war is not now in question. I believe that I speak for the American people when I say that we do not desire to control in any degree the affairs of our sister republic. Our feeling for the people of Mexico is one of deep and genuine friendship, and everything that we have so far done or refrained from doing has proceeded from our desire to help them, not to hinder or embarrass them. We would not wish even to exercise the good offices of friendship without their welcome and consent.

The people of Mexico are entitled to settle their own domestic affairs in their own way, and we sincerely desire to respect their right. The present situation need have none of the grave complications of interference if we deal with it promptly, firmly, and wisely.

No doubt I could do what is necessary in the circumstances to enforce respect for our Government without recourse to the congress, and yet not exceed my constitutional powers as President; but I do not wish to act in a matter possibly of so grave consequence except in close conference and co-operation with both the Senate and House. I therefore come to ask your approval that I should use the armed forces of the United States in such ways and to such an extent as may be necessary to obtain from General Huerta and his adherents the fullest recognition of the rights and dignity of the United States, even amid the distressing conditions now unhappily obtaining in Mexico.

There can in what we do be no thought of aggression or of selfish aggrandizement. We seek to maintain the dignity and authority of the United States only because we wish always to keep our great influence unimpaired for the uses of liberty, both in the United States and wherever else it may be employed for the benefit of mankind.

By the President of the United States of America.

A PROCLAMATION.

[Protection Against Domestic Violence in Colorado.]

Whereas, it is provided by the Constitution of the United States that the United States shall protect every State in this Union, on application of the legislature, or of the executive (when the legislature can not be convened), against domestic violence;

And Whereas, the Governor of the State of Colorado has represented that domestic violence exists in said State which the authorities of said State are unable to suppress; and has represented that it is impossible to convene the legislature of the State in time to meet the present emergency;

And Whereas, the laws of the United States require that in all cases of insurrection in any State or of obstruction to the laws thereof, whenever in the judgment of the President it becomes necessary to use the military forces to suppress such insurrection or obstruction to the laws, he shall forthwith by proclamation command such insurgents to disperse, and retire peaceably to their respective abodes within a limited time:

Now, Therefore, I, Woodrow Wilson, President of the United States, do hereby admonish all good citizens of the United States, and all persons within the territory and jurisdiction of the United States against aiding, countenancing, abetting, or taking part in such unlawful proceedings; and I do hereby warn all persons engaged in or connected with said domestic violence and obstruction of the laws to disperse and retire peaceably to their respective abodes on or before the thirtieth day of April, instant.

In testimony whereof, I have hereunto set my hand, and caused the seal of the United States to be affixed.

Done at the city of Washington, this twenty-eighth day of April, in the year of our Lord nineteen hundred and fourteen, [seal] and of the Independence of the United States of America the one hundred and thirty-eighth.

WOODROW WILSON.

By the President:

W. J. Bryan,

Secretary of State.

EXECUTIVE ORDER

[Relating to Salaries of Consular Officers.]

THE WHITE HOUSE, *April 30, 1914.*

Paragraphs 492 and 561 of the Consular Regulations of 1896 are hereby amended to read as follows:

Paragraph 492. Salaried officers.—Consuls-general and consuls receiving salaries fixed by law are entitled to compensation at the rate of their respective salaries, as follows:

1. Beginning not prior to the date of the oath of office, for time occupied in receiving instructions in the United States, or by special direction of the Department of State, at consulates-general or consulates other than those to which they shall have been appointed, not exceeding in all thirty days.—R. S., sec. 1740.

2. For the time actually and necessarily occupied in transit, by the most convenient route, between the places of their residence and their posts, not, however, to exceed the time fixed in paragraph 478. This applies both to transit from the United States and to transit to the United States at the termination of service, unless the officer dies, or is recalled for malfeasance, or resigns in anticipation of such recall. The time during which a consul may be unavoidably detained at his post while waiting for a conveyance to the United States, after delivering up the office, may be included in his home transit so far as not to exceed in all the maximum time fixed in paragraph 478. In the event that the appointee is not in the United States at the time of appointment no allowance of salary will be made except for the period actually and necessarily occupied in transit in reaching his post of duty, and the time which he may be especially directed by the Department of State to spend at a consulate-general or consulate other than that to which he shall have been appointed, receiving instructions in the performance of consular duties, not exceeding thirty days.

3. From the date of entry upon official duty at their posts to the date when they cease to perform the duties of the office. This provision extends also to the time, after arrival at their posts, while awaiting the receipt of the exequatur or permission to act.—R. S., sec. 1740.

Paragraph 561. Receiving instructions.—The first salary account will be stated for the time, not exceeding thirty days, during which the consular officer is receiving his instructions. (Form No. 106.) The time cannot begin prior to the date of the oath of office. (Paragraph 492.) This draft therefor is drawn before departure. A certificate (Form No. 107) of the number of days occupied in receiving instructions should accompany the account.

WOODROW WILSON.

ADDRESS

[Delivered at the New York Navy Yard in Brooklyn, May 11, 1914, at the Funeral Service over the Remains of Seventeen Sailors and Marines who Lost Their Lives at the Taking of Vera Cruz, Mexico.]

After Secretary Daniels of the Navy had presented to him a roll of the dead, President Wilson said:

Mr. Secretary:

I know that the feelings which characterize all who stand about me and the whole nation at this hour are not feelings which can be suitably expressed in terms of attempted oratory or eloquence. They are things too deep for ordinary speech. For my own part, I have a singular mixture of feelings. The feeling that is uppermost is one of profound grief that these lads should have had to go to their death, and yet there is mixed with that grief a profound pride that they should have gone as they did, and, if I may say it out of my heart, a touch of envy of those who were permitted so quietly, so nobly, to do their duty.

Have you thought of it, men? Here is the roster of the navy, the list of the men, officers, and enlisted men and marines, and suddenly there swim nineteen stars out of the list—men who have suddenly gone into a firmament of memory, where we shall always see their names shine; not because they called upon us to admire them, but because they served us, without asking any questions and in the performance of a duty which is laid upon us as well as upon them.

Duty is not an uncommon thing, gentlemen. Men are performing it in the ordinary walks of life all around us all the time, and they are making great sacrifices to perform it. What gives men like these peculiar distinction is not merely that they did their duty, but that their duty had nothing to do with them or their own personal and peculiar interests. They did not give their lives for themselves. They gave their lives for us, because we called upon them as a nation to perform an unexpected duty. That is the way in which men grow distinguished and that is the only way, by serving somebody else than themselves. And what greater thing could you serve than a nation such as this we love and are proud of? Are you sorry for these lads? Are you sorry for the way they will be remembered? Does it not quicken your pulses to think of the list of them? I hope to God none of you may join the list, but if you do, you will join an immortal company.

So while we are profoundly sorrowful and while there goes out of our hearts a very deep and affectionate sympathy for the friends and relatives of these lads who for the rest of their lives shall mourn them, though with a touch of pride, we know why we do not go

away from this occasion cast down but with our heads lifted and our eyes on the future of this country, with absolute confidence of how it will be worked out. Not only upon the mere vague future of this country, but the immediate future.

We have gone down to Mexico to serve mankind if we can find out the way. We do not want to fight the Mexicans. We want to serve the Mexicans if we can, because we know how we would like to be free and how we would like to be served if there were friends standing by ready to serve us. A war of aggression is not a war in which it is a grand thing to die, but a war of service is a thing in which it is a proud thing to die.

Notice that these men were of our blood. I mean of our American blood, which is not drawn from any one country, which is not drawn from any one stock, which is not drawn from any one language of the modern world, but free men everywhere have sent their sons and their brothers and their daughters to this country in order to make that great compounded nation which consists of all the sturdy elements and of all the best elements of the whole globe. I listened again to this list with a profound interest at the mixture of names, for the names bear the marks of the several national stocks from which these men came. But they are not Irishmen or Germans or Frenchmen or Hebrews any more. They were not when they went to Vera Cruz; they were American, every one of them, and with no difference in their Americanism because of the stock from which they came.

Therefore, they were in a peculiar sense of our blood and they proved it by showing that they were of our spirit—that no matter what their derivation, no matter where their people came from, they thought and wished and did the things that were American, and the flag under which they served was a flag in which all the blood of mankind is united to make a free nation.

War, gentlemen, is only a sort of dramatic representation, a sort of dramatic symbol of a thousand forms of duty. I never went into battle, I never was under fire, but I fancy that there are some things just as hard to do as to go under fire. I fancy that it is just as hard to do your duty when men are sneering at you as when they are shooting at you. When they shoot at you they can only take your natural life; when they sneer at you they can wound your heart, and men who are brave enough, steadfast enough, steady in their principles enough, to go about their duty with regard to their fellow-men, no matter whether there are hisses or cheers, men who can do what Rudyard Kipling in one of his poems wrote, "meet with triumph and disaster and treat those two impostors just the same," are men for a nation to be proud of. Morally speaking, disaster and triumph are impostors. The cheers of the moment are not

UNITED STATES TROOPS IN FULL POSSESSION OF MEXICAN SEAPORT.

American marines landing in Vera Cruz April 29, 1914, immediately took possession of the Custom House and the railway depots. No organized resistance to their landing was offered, but Mexican sharpshooters concealed on the roofs of houses picked off their victims in the streets.

On the upper right is shown an American marine on the balcony of the Custom House signaling to the fleet in the harbor.

what a man ought to think about, but the verdict of his conscience and the conscience of mankind.

So when I look at you I feel as if I also and we all were enlisted men. Not enlisted in your particular branch of the service, but enlisted to serve the country, no matter what may come, what though we may waste our lives in the arduous endeavor. We are expected to put the utmost energy of every power that we have into the service of our fellow-men, never sparing ourselves, not condescending to think of what is going to happen to ourselves, but ready, if need be, to go to the utter length of complete self-sacrifice.

As I stand and look at you to-day and think of these spirits that have gone from us, I know that the road is clearer for the future. These boys have shown us the way, and it is easier to walk on it because they have gone before and shown us how. May God grant to all of us that vision of patriotic service which here in solemnity and grief and pride is borne in upon our hearts and consciences.

BY THE PRESIDENT OF THE UNITED STATES OF AMERICA

A PROCLAMATION

[Mother's Day.]

WHEREAS, By a Joint Resolution approved May 8, 1914, "designating the second Sunday in May as Mother's Day, and for other purposes," the President is authorized and requested to issue a proclamation calling upon the government officials to display the United States flag on all government buildings, and the people of the United States to display the flag at their homes or other suitable places on the second Sunday in May as a public expression of our love and reverence for the mothers of our country;

AND WHEREAS, By the said Joint Resolution it is made the duty of the President to request the observance of the second Sunday in May as provided for in the said Joint Resolution;

Now, Therefore, I, WOODROW WILSON, President of the United States of America, by virtue of the authority vested in me by the said Joint Resolution, do hereby direct the government officials to display the United States flag on all government buildings and do invite the people of the United States to display the flag at their homes or other suitable places on the second Sunday in May as a public expression of our love and reverence for the mothers of our country.

Done at the City of Washington this ninth day of May, in the year of our Lord one thousand nine hundred and fourteen, and [SEAL.] of the Independence of the United States the one hundred and thirty-eighth.

By the President: WOODROW WILSON.

WILLIAM JENNINGS BRYAN, *Secretary of State.*

ADDRESS.

[Delivered at the unveiling of the Statue to the Memory of Commodore John Barry at Washington, May 16, 1914.]

Mr. Secretary, Ladies and Gentlemen:

I esteem it a privilege to be present on this interesting occasion, and I am very much tempted to anticipate some part of what the orators of the day will say about the character of the great man whose memory we celebrate. If I were to attempt an historical address, I might, however, be led too far afield. I am going to take the liberty, therefore, of drawing a few inferences from the significance of this occasion.

I think that we can never be present at a ceremony of this kind, which carries our thoughts back to the great Revolution, by means of which our Government was set up, without feeling that it is an occasion of reminder, of renewal, of refreshment, when we turn our thoughts again to the great issues which were presented to the little Nation which then asserted its independence to the world; to which it spoke both in eloquent representations of its cause and in the sound of arms, and ask ourselves what it was that these men fought for. No one can turn to the career of Commodore Barry without feeling a touch of the enthusiasm with which he devoted an originating mind to the great cause which he intended to serve, and it behooves us, living in this age when no man can question the power of the Nation, when no man would dare to doubt its right and its determination to act for itself, to ask what it was that filled the hearts of these men when they set the Nation up.

For patriotism, ladies and gentlemen, is in my mind not merely a sentiment. There is a certain effervescence, I suppose, which ought to be permitted to those who allow their hearts to speak in the celebration of the glory and majesty of their country, but the country can have no glory and no majesty unless there be a deep principle and conviction back of the enthusiasm. Patriotism is a principle, not a mere sentiment. No man can be a true patriot who does not feel himself shot through and through with a deep ardor for what his country stands for, what its existence means, what its purpose is declared to be in its history and in its policy. I recall those solemn lines of the poet Tennyson in which he tries to give voice to his conception of what it is that stirs within a nation: "Some sense of duty, something of a faith, some reverence for the laws ourselves have made, some patient force to change them when we will, some civic manhood firm against the crowd;" steadfastness, clearness of purpose, courage, persistency, and that uprightness which comes from the

clear thinking of men who wish to serve not themselves but their fellow men.

What does the United States stand for, then, that our hearts should be stirred by the memory of the men who set her Constitution up? John Barry fought, like every other man in the Revolution, in order that America might be free to make her own life without interruption or disturbance from any other quarter. You can sum the whole thing up in that, that America had a right to her own self-determined life; and what are our corollaries from that? You do not have to go back to stir your thoughts again with the issues of the Revolution. Some of the issues of the Revolution were not the cause of it, but merely the occasion for it. There are just as vital things stirring now that concern the existence of the Nation as were stirring then, and every man who worthily stands in this presence should examine himself and see whether he has the full conception of what it means that America should live her own life. Washington saw it when he wrote his farewell address. It was not merely because of passing and transient circumstances that Washington said that we must keep free from entangling alliances. It was because he saw that no country had yet set its face in the same direction in which America had set her face. We can not form alliances with those who are not going our way; and in our might and majesty and in the confidence and definiteness of our own purpose we need not and we should not form alliances with any nation in the world. Those who are right, those who study their consciences in determining their policies, those who hold their honor higher than their advantage, do not need alliances. You need alliances when you are not strong, and you are weak only when you are not true to yourself. You are weak only when you are in the wrong; you are weak only when you are afraid to do the right; you are weak only when you doubt your cause and the majesty of a nation's might asserted.

There is another corollary. John Barry was an Irishman, but his heart crossed the Atlantic with him. He did not leave it in Ireland. And the test of all of us—for all of us had our origin on the other side of the sea—is whether we will assist in enabling America to live her separate and independent life, retaining our ancient affections, indeed, but determining everything that we do by the interests that exist on this side of the sea. Some Americans need hyphens in their names, because only part of them has come over; but when the whole man has come over, heart and thought and all, the hyphen drops of its own weight out of his name. This man was not an Irish-American; he was an Irishman who became an American. I venture to say if he voted he voted with regard to the questions as they looked on this side of the water and not as they affected the other side; and that is my

infallible test of a genuine American, that when he votes or when he acts or when he fights his heart and his thought are centered nowhere but in the emotions and the purposes and the policies of the United States.

This man illustrates for me all the splendid strength which we brought into this country by the magnet of freedom. Men have been drawn to this country by the same thing that has made us love this country—by the opportunity to live their own lives and to think their own thoughts and to let their whole natures expand with the expansion of a free and mighty Nation. We have brought out of the stocks of all the world all the best impulses and have appropriated them and Americanized them and translated them into the glory and majesty of a great country.

So, ladies and gentlemen, when we go out from this presence we ought to take this idea with us that we, too, are devoted to the purpose of enabling America to live her own life, to be the justest, the most progressive, the most honorable, the most enlightened Nation in the world. Any man that touches our honor is our enemy. Any man who stands in the way of the kind of progress which makes for human freedom can not call himself our friend. Any man who does not feel behind him the whole push and rush and compulsion that filled men's hearts in the time of the Revolution is no American. No man who thinks first of himself and afterwards of his country can call himself an American. America must be enriched by us. We must not live upon her; she must live by means of us.

I, for one, come to this shrine to renew the impulses of American democracy. I would be ashamed of myself if I went away from this place without realizing again that every bit of selfishness must be purged from our policy, that every bit of self-seeking must be purged from our individual consciences, and that we must be great, if we would be great at all, in the light and illumination of the example of men who gave everything that they were and everything that they had to the glory and honor of America.

EXECUTIVE ORDER.

[To create a committee to formally and officially open the Panama Canal.]

THE WHITE HOUSE, *May 20, 1914.*

By virtue of authority vested in me by the Act approved April 6, 1914, entitled "An Act Making appropriations to supply urgent deficiencies in appropriations for the fiscal year nineteen hundred and fourteen and for prior years, and for other purposes," a committee of six members is hereby created to arrange and provide suitable ceremonies for the official and formal opening of the Panama Canal, as is pro-

vided for in Section 4 of the Panama Canal Act. The committee shall be composed of persons who were members of the Isthmian Canal Commission. The committee shall be known and referred to as the "Committee for the Formal and Official Opening of the Panama Canal." It shall have a chairman and vice-chairman, but shall perform its duties under the direction of the Governor of the Panama Canal.

The persons named below are hereby appointed members of this committee.

Colonel George W. Goethals, U. S. A.
Honorable Richard L. Metcalfe.
General William C. Gorgas, U. S. A.
Colonel H. F. Hodges, U. S. A.
Lieutenant-Colonel William L. Sibert, U. S. A.
Civil Engineer H. H. Rousseau, U. S. N.

Colonel George W. Goethals, now Governor of the Panama Canal, shall be Chairman of this committee.

Honorable Richard L. Metcalfe shall be Vice-Chairman.

The members of said committee shall each receive salary at the rate of ten thousand dollars per annum from April 1, 1914, to December 31, 1914, inclusive, and such necessary traveling and living expenses during the period from April 1, 1914, to January 31, 1915, when on duty connected with the work of providing for formally and officially opening the Panama Canal, as may be approved by the Secretary of War. The salary fixed as above shall include any salary to which any member of this committee may be entitled by reason of his appointment to or employment in any other position under the United States for the period above provided for, and the amount of such salary shall be deducted from the salary fixed as above. The salary to be paid May 31, 1914, shall be equal to two months' pay in a lump sum, less the amount of any other salary for the months of April and May, 1914. The word "salary" as used herein, in determining the amount to be deducted, shall not be construed to include additional emoluments, but shall be confined to actual pay.

The committee is authorized to spend such sums as may be available for printing, postage, correspondence, employment of clerks, and other necessary expenses connected with formally and officially opening the Panama Canal, as may be approved by the Secretary of War.

The payments authorized hereunder shall be made by such disbursing officer of the Panama Canal as the Governor shall designate.

The Secretary of War shall provide the manner in which the amount to be expended for traveling, living and other expenses authorized by him shall be certified to, and, when such expenditures are so certified to, they shall be paid for without further vouchers therefor.

WOODROW WILSON.

ADDRESS.

[Delivered May 30, 1914, at the Grand Army of the Republic Memorial Day services in Arlington (Va.) National Cemetery.]

Ladies and Gentlemen: I have not come here to-day with a prepared address. The committee in charge of the exercises of the day have graciously excused me on the grounds of public obligations from preparing such an address, but I will not deny myself the privilege of joining with you in an expression of gratitude and admiration for the men who perished for the sake of the Union. They do not need our praise. They do not need that our admiration should sustain them. There is no immortality that is safer than theirs. We come not for their sakes but for our own, in order that we may drink at the same springs of inspiration from which they themselves drank.

A peculiar privilege came to the men who fought for the Union. There is no other civil war in history, ladies and gentlemen, the stings of which were removed before the men who did the fighting passed from the stage of life. So that we owe these men something more than a legal re-establishment of the Union. We owe them the spiritual re-establishment of the Union as well; for they not only reunited States, they reunited the spirits of men. That is their unique achievement, unexampled anywhere else in the annals of mankind, that the very men whom they overcame in battle join in praise and gratitude that the Union was saved. There is something peculiarly beautiful and peculiarly touching about that. Whenever a man who is still trying to devote himself to the service of the Nation comes into a presence like this, or into a place like this, his spirit must be peculiarly moved. A mandate is laid upon him which seems to speak from the very graves themselves. Those who serve this Nation, whether in peace or in war, should serve it without thought of themselves. I can never speak in praise of war, ladies and gentlemen; you would not desire me to do so.

But there is this peculiar distinction belonging to the soldier, that he goes into an enterprise out of which he himself can not get anything at all. He is giving everything that he hath, even his life, in order that others may live, not in order that he himself may obtain gain and prosperity. And just so soon as the tasks of peace are performed in the same spirit of self-sacrifice and devotion, peace societies will not be necessary. The very organization and spirit of society will be a guaranty of peace.

Therefore this peculiar thing comes about, that we can stand here

and praise the memory of these soldiers in the interest of peace. They set us the example of self-sacrifice, which if followed in peace will make it unnecessary that men should follow war any more.

We are reputed to be somewhat careless in our discrimination between words in the use of the English language, and yet it is interesting to note that there are some words about which we are very careful. We bestow the adjective "great" somewhat indiscriminately. A man who has made conquest of his fellow men for his own gain may display such genius in war, such uncommon qualities of organization and leadership that we may call him "great," but there is a word which we reserve for men of another kind and about which we are very careful; that is the word "noble." We never call a man "noble" who serves only himself; and if you will look about through all the nations of the world upon the statues that men have erected—upon the inscribed tablets where they have wished to keep alive the memory of the citizens whom they desire most to honor—you will find that almost without exception they have erected the statue to those who had a splendid surplus of energy and devotion to spend upon their fellow men. Nobility exists in America without patent. We have no House of Lords, but we have a house of fame to which we elevate those who are the noble men of our race, who, forgetful of themselves, study and serve the public interest, who have the courage to face any number and any kind of adversary, to speak what in their hearts they believe to be the truth.

We admire physical courage, but we admire above all things else moral courage. I believe that soldiers will bear me out in saying that both come in time of battle. I take it that the moral courage comes in going in the battle, and the physical courage in staying in. There are battles which are just as hard to go into and just as hard to stay in as the battles of arms, and if the man will but stay and think never of himself there will come a time of grateful recollection when men will speak of him not only with admiration but with that which goes deeper, with affection and with reverence.

So that this flag calls upon us for daily service, and the more quiet and self-denying the service the greater the glory of the flag. We are dedicated to freedom, and that freedom means the freedom of the human spirit. All free spirits ought to congregate on an occasion like this to do homage to the greatness of America as illustrated by the greatness of her sons.

It has been a privilege, ladies and gentlemen, to come and say these simple words, which I am sure are merely putting your thought into language. I thank you for the opportunity to lay this little wreath of mine upon these consecrated graves.

ADDRESS.

[Delivered June 4, 1914, at the unveiling of a monument to Confederate soldiers in Arlington (Va.) National Cemetery.]

MR. CHAIRMAN, MRS. MCLAURIN STEVENS, LADIES AND GENTLEMEN:

I assure you that I am profoundly aware of the solemn significance of the thing that has now taken place. The Daughters of the Confederacy have presented a memorial of their dead to the Government of the United States. I hope that you have noted the history of the conception of this idea. It was proposed by a President of the United States who had himself been a distinguished officer in the Union Army. It was authorized by an act of Congress of the United States. The cornerstone of the monument was laid by a President of the United States, elevated to his position by the votes of the party which had chiefly prided itself upon sustaining the war for the Union. And now it has fallen to my lot to accept, in the name of the great Government which I am privileged for the time to represent, this emblem of a reunited people.

I am not so much happy as proud to participate in this capacity on such an occasion; proud that I should represent such a people. Am I mistaken, ladies and gentlemen, in supposing that nothing of this sort could have occurred in anything but a democracy? The people of a democracy are not related to their rulers as subjects are related to a Government. They are themselves the sovereign authority, and as they are neighbors of each other, quickened by the same influences and moved by the same motives, they can understand each other. They are shot through with some of the deepest and profoundest instincts of human sympathy. They choose their Governments. They select their rulers. They live their own life and they will not have that life disturbed and discolored by fraternal misunderstandings.

I know that a reuniting of spirits like this can take place more quickly in our time than in any other because men are now united by an easier transmission of those influences which make up the foundations of peace and of mutual understanding, but no process can work these effects unless there is a conducting medium. The conducting medium in this instance is the united heart of a great people. I am not going to detain you by trying to repeat any of the eloquent thoughts which have moved us this afternoon, for I rejoice in the simplicity of the task which is assigned to me. My privilege is this, ladies and gentlemen: To declare this chapter in the history of the United States is now closed and ended, and I bid you turn with me your faces to the future, quickened by the memories of the past, but with nothing to do with the contests of the past, knowing, as we have shed our blood upon

opposite sides, we now face and admire one another. I do not know how many years ago it was that the Century Dictionary was published, but I remember one day in the Century Cyclopedia of Names I had occasion to turn to the name of Robert E. Lee, and I found him there in that book published in New York City simply described as a great American general. The generosity of our judgment did not begin to-day. The generosity of our judgment was made up soon after this great struggle was over, when men came and sat together again in the Congress and united in all the efforts of peace and of government, and our solemn duty is to see that each one of us is in his own consciousness and in his own conduct a replica of this great reunited people. It is our duty and our privilege to be like the country we represent, and speaking no word of malice, no word of criticism even, standing shoulder to shoulder to lift the burdens of mankind in the future and show the paths of freedom to all the world.

ADDRESS

[To the Graduating Class of the United States Naval Academy at Annapolis, Maryland, June 5, 1914.]

Mr. Superintendent, Young Gentlemen, Ladies and Gentlemen: During the greater part of my life I have been associated with young men, and on occasions it seems to me without number have faced bodies of youngsters going out to take part in the activities of the world, but I have a consciousness of a different significance on this occasion from that which I have felt on other similar occasions. When I have faced the graduating classes at universities I have felt that I was facing a great conjecture. They were going out into all sorts of pursuits and with every degree of preparation for the particular thing they were expecting to do; some without any preparation at all, for they did not know what they expected to do. But in facing you I am facing men who are trained for a special thing. You know what you are going to do, and you are under the eye of the whole Nation in doing it. For you, gentlemen, are to be part of the power of the Government of the United States. There is a very deep and solemn significance in that fact, and I am sure that every one of you feels it. The moral is perfectly obvious. Be ready and fit for anything that you have to do. And keep ready and fit. Do not grow slack. Do not suppose that your education is over because you have received your diplomas from the academy. Your education has just begun. Moreover, you are to have a very peculiar privilege which not many of your predecessors have had. You are yourselves going to become teachers. You are going to teach those 50,000 fellow countrymen of yours who are the enlisted men of the Navy. You

are going to make them fitter to obey your orders and to serve the country. You are going to make them fitter to see what the orders mean in their outlook upon life and upon the service; and that is a great privilege, for out of you is going the energy and intelligence which are going to quicken the whole body of the United States Navy.

I congratulate you upon that prospect, but I want to ask you not to get the professional point of view. I would ask it of you if you were lawyers; I would ask it of you if you were merchants; I would ask it of you whatever you expected to be. Do not get the professional point of view. There is nothing narrower or more unserviceable than the professional point of view, to have the attitude toward life that it centers in your profession. It does not. Your profession is only one of the many activities which are meant to keep the world straight, and to keep the energy in its blood and in its muscle. We are all of us in this world, as I understand it, to set forward the affairs of the whole world, though we play a special part in that great function. The Navy goes all over the world, and I think it is to be congratulated upon having that sort of illustration of what the world is and what it contains; and inasmuch as you are going all over the world you ought to be the better able to see the relation that your country bears to the rest of the world.

It ought to be one of your thoughts all the time that you are sample Americans—not merely sample Navy men, not merely sample soldiers, but sample Americans—and that you have the point of view of America with regard to her Navy and her Army; that she is using them as the instruments of civilization, not as the instruments of aggression. The idea of America is to serve humanity, and every time you let the Stars and Stripes free to the wind you ought to realize that that is in itself a message that you are on an errand which other navies have sometimes forgotten; not an errand of conquest, but an errand of service. I always have the same thought when I look at the flag of the United States, for I know something of the history of the struggle of mankind for liberty. When I look at that flag it seems to me as if the white stripes were strips of parchment upon which are written the rights of man, and the red stripes the streams of blood by which those rights have been made good. Then in the little blue firmament in the corner have swung out the stars of the States of the American Union. So it is, as it were, a sort of floating charter that has come down to us from Runnymede, when men said, "We will not have masters; we will be a people, and we will seek our own liberty."

You are not serving a government, gentlemen; you are serving a people. For we who for the time being constitute the Government are merely instruments for a little while in the hands of a great Nation which chooses whom it will to carry out its decrees and who invariably rejects the man who forgets the ideals which it intended

him to serve. So that I hope that wherever you go you will have a generous, comprehending love of the people you come into contact with, and will come back and tell us, if you can, what service the United States can render to the remotest parts of the world; tell us where you see men suffering; tell us where you think advice will lift them up; tell us where you think that the counsel of statesmen may better the fortunes of unfortunate men; always having it in mind that you are champions of what is right and fair all 'round for the public welfare, no matter where you are, and that it is that you are ready to fight for and not merely on the drop of a hat or upon some slight punctillio, but that you are champions of your fellow men, particularly of that great body one hundred million strong whom you represent in the United States.

What do you think is the most lasting impression that those boys down at Vera Cruz are going to leave? They have had to use some force—I pray God it may not be necessary for them to use any more—but do you think that the way they fought is going to be the most lasting impression? Have men not fought ever since the world began? Is there anything new in using force? The new things in the world are the things that are divorced from force. The things that show the moral compulsions of the human conscience, those are the things by which we have been building up civilization, not by force. And the lasting impression that those boys are going to leave is this, that they exercise self-control; that they are ready and diligent to make the place where they went fitter to live in than they found it; that they regarded other people's rights; that they did not strut and bluster, but went quietly, like self-respecting gentlemen, about their legitimate work. And the people of Vera Cruz, who feared the Americans and despised the Americans, are going to get a very different taste in their mouths about the whole thing when the boys of the Navy and the Army come away. Is that not something to be proud of, that you know how to use force like men of conscience and like gentlemen, serving your fellow men and not trying to overcome them? Like that gallant gentleman who has so long borne the heats and perplexities and distresses of the situation in Vera Cruz—Admiral Fletcher. I mention him, because his service there has been longer and so much of the early perplexities fell upon him. I have been in almost daily communication with Admiral Fletcher, and I have tested his temper. I have tested his discretion. I know that he is a man with a touch of statesmanship about him, and he has grown bigger in my eye each day as I have read his dispatches, for he has sought always to serve the thing he was trying to do in the temper that we all recognize and love to believe is typically American.

I challenge you youngsters to go out with these conceptions, knowing that you are part of the Government and force of the United States

and that men will judge us by you. I am not afraid of the verdict. I can not look in your faces and doubt what it will be, but I want you to take these great engines of force out onto the seas like adventurers enlisted for the elevation of the spirit of the human race. For that is the only distinction that America has. Other nations have been strong, other nations have piled wealth as high as the sky, but they have come into disgrace because they used their force and their wealth for the oppression of mankind and their own aggrandizement; and America will not bring glory to herself, but disgrace, by following the beaten paths of history. We must strike out upon new paths, and we must count upon you gentlemen to be the explorers who will carry this spirit and spread this message all over the seas and in every port of the civilized world.

You see, therefore, why I said that when I faced you I felt there was a special significance. I am not present on an occasion when you are about to scatter on various errands. You are all going on the same errand, and I like to feel bound with you in one common organization for the glory of America. And her glory goes deeper than all the tinsel, goes deeper than the sound of guns and the clash of sabers; it goes down to the very foundations of those things that have made the spirit of men free and happy and content.

ADDRESS

[At Independence Hall, Philadelphia, Pa., July 4, 1914.]

Mr. Chairman and Fellow Citizens: We are assembled to celebrate the one hundred and thirty-eighth anniversary of the birth of the United States. I suppose that we can more vividly realize the circumstances of that birth standing on this historic spot than it would be possible to realize them anywhere else. The Declaration of Independence was written in Philadelphia; it was adopted in this historic building by which we stand. I have just had the privilege of sitting in the chair of the great man who presided over the deliberations of those who gave the declaration to the world. My hand rests at this moment upon the table upon which the declaration was signed. We can feel that we are almost in the visible and tangible presence of a great historic transaction.

Have you ever read the Declaration of Independence or attended with close comprehension to the real character of it when you have heard it read? If you have, you will know that it is not a Fourth of July oration. The Declaration of Independence was a document preliminary to war. It was a vital piece of practical business, not a piece of rhetoric; and if you will pass beyond those preliminary passages which we are accustomed to quote about the rights of men and read into the heart of the document you will see that it is very express

and detailed, that it consists of a series of definite specifications concerning actual public business of the day. Not the business of our day, for the matter with which it deals is past, but the business of that first revolution by which the Nation was set up, the business of 1776. Its general statements, its general declarations can not mean anything to us unless we append to it a similar specific body of particulars as to what we consider the essential business of our own day.

Liberty does not consist, my fellow citizens, in mere general declarations of the rights of man. It consists in the translation of those declarations into definite action. Therefore, standing here where the declaration was adopted, reading its business-like sentences, we ought to ask ourselves what there is in it for us. There is nothing in it for us unless we can translate it into the terms of our own conditions and of our own lives. We must reduce it to what the lawyers call a bill of particulars. It contains a bill of particulars, but the bill of particulars of 1776. If we would keep it alive, we must fill it with a bill of particulars of the year 1914.

The task to which we have constantly to readdress ourselves is the task of proving that we are worthy of the men who drew this great declaration and know what they would have done in our circumstances. Patriotism consists in some very practical things—practical in that they belong to the life of every day, that they wear no extraordinary distinction about them, that they are connected with commonplace duty. The way to be patriotic in America is not only to love America, but to love the duty that lies nearest to our hand and know that in performing it we are serving our country. There are some gentlemen in Washington, for example, at this very moment who are showing themselves very patriotic in a way which does not attract wide attention but seems to belong to mere everyday obligations. The Members of the House and Senate who stay in hot Washington to maintain a quorum of the Houses and transact the all-important business of the Nation are doing an act of patriotism. I honor them for it, and I am glad to stay there and stick by them until the work is done.

It is patriotic, also, to learn what the facts of our national life are and to face them with candor. I have heard a great many facts stated about the present business condition of this country, for example—a great many allegations of fact, at any rate, but the allegations do not tally with one another. And yet I know that truth always matches with truth; and when I find some insisting that everything is going wrong and others insisting that everything is going right, and when I know from a wide observation of the general circumstances of the country taken as a whole that things are going extremely well, I wonder what those who are crying out that things are wrong are trying to do. Are they trying to serve the country, or are they trying to serve something smaller than the country? Are they trying to put

hope into the hearts of the men who work and toil every day, or are they trying to plant discouragement and despair in those hearts? And why do they cry that everything is wrong and yet do nothing to set it right? If they love America and anything is wrong amongst us, it is their business to put their hand with ours to the task of setting it right. When the facts are known and acknowledged, the duty of all patriotic men is to accept them in candor and to address themselves hopefully and confidently to the common counsel which is necessary to act upon them wisely and in universal concert.

I have had some experiences in the last 14 months which have not been entirely reassuring. It was universally admitted, for example, my fellow citizens, that the banking system of this country needed reorganization. We set the best minds that we could find to the task of discovering the best method of reorganization. But we met with hardly anything but criticism from the bankers of the country; we met with hardly anything but resistance from the majority of those at least who spoke at all concerning the matter. And yet so soon as that act was passed there was a universal chorus of applause, and the very men who had opposed the measure joined in that applause. If it was wrong the day before it was passed, why was it right the day after it was passed? Where had been the candor of criticism not only, but the concert of counsel which makes legislative action vigorous and safe and successful?

It is not patriotic to concert measures against one another; it is patriotic to concert measures for one another.

In one sense the Declaration of Independence has lost its significance. It has lost its significance as a declaration of national independence. Nobody outside of America believed when it was uttered that we could make good our independence; now nobody anywhere would dare to doubt that we are independent and can maintain our independence. As a declaration of independence, therefore, it is a mere historic document. Our independence is a fact so stupendous that it can be measured only by the size and energy and variety and wealth and power of one of the greatest nations in the world. But it is one thing to be independent and it is another thing to know what to do with your independence. It is one thing to come to your majority and another thing to know what you are going to do with your life and your energies; and one of the most serious questions for sober-minded men to address themselves to in the United States is this: What are we going to do with the influence and power of this great Nation? Are we going to play the old rôle of using that power for our aggrandizement and material benefit only? You know what that may mean. It may upon occasion mean that we shall use it to make the peoples of other nations suffer in the way in which we said it was intolerable to suffer when we uttered our Declaration of Independence.

The Department of State at Washington is constantly called upon to back up the commercial enterprises and the industrial enterprises of the United States in foreign countries, and it at one time went so far in that direction that all its diplomacy came to be designated as "dollar diplomacy." It was called upon to support every man who wanted to earn anything anywhere if he was an American. But there ought to be a limit to that. There is no man who is more interested than I am in carrying the enterprise of American business men to every quarter of the globe. I was interested in it long before I was suspected of being a politician. I have been preaching it year after year as the great thing that lay in the future for the United States, to show her wit and skill and enterprise and influence in every country in the world. But observe the limit to all that which is laid upon us perhaps more than upon any other nation in the world. We set this nation up, at any rate we professed to set it up, to vindicate the rights of men. We did not name any differences between one race and another. We did not set up any barriers against any particular people. We opened our gates to all the world and said, "Let all men who wish to be free come to us and they will be welcome." We said, "This independence of ours is not a selfish thing for our own exclusive private use. It is for everybody to whom we can find the means of extending it." We can not with that oath taken in our youth, we can not with that great ideal set before us when we were a young people and numbered only a scant 3,000,000, take upon ourselves, now that we are 100,000,000 strong, any other conception of duty than we then entertained. If American enterprise in foreign countries, particularly in those foreign countries which are not strong enough to resist us, takes the shape of imposing upon and exploiting the mass of the people of that country it ought to be checked and not encouraged. I am willing to get anything for an American that money and enterprise can obtain except the suppression of the rights of other men. I will not help any man buy a power which he ought not to exercise over his fellow beings.

You know, my fellow countrymen, what a big question there is in Mexico. Eighty-five per cent of the Mexican people have never been allowed to have any genuine participation in their own Government or to exercise any substantial rights with regard to the very land they live upon. All the rights that men most desire have been exercised by the other 15 per cent. Do you suppose that that circumstance is not sometimes in my thought? I know that the American people have a heart that will beat just as strong for those millions in Mexico as it will beat, or has beaten, for any other millions elsewhere in the world, and that when once they conceive what is at stake in Mexico they will know what ought to be done in Mexico. I hear a great deal said about the loss of property in Mexico and the loss of the lives of

foreigners, and I deplore these things with all my heart. Undoubtedly, upon the conclusion of the present disturbed conditions in Mexico those who have been unjustly deprived of their property or in any wise unjustly put upon ought to be compensated. Men's individual rights have no doubt been invaded, and the invasion of those rights has been attended by many deplorable circumstances which ought some time, in the proper way, to be accounted for. But back of it all is the struggle of a people to come into its own, and while we look upon the incidents in the foreground let us not forget the great tragic reality in the background which towers above the whole picture.

A patriotic American is a man who is not niggardly and selfish in the things that he enjoys that make for human liberty and the rights of man. He wants to share them with the whole world, and he is never so proud of the great flag under which he lives as when it comes to mean to other people as well as to himself a symbol of hope and liberty. I would be ashamed of this flag if it ever did anything outside America that we would not permit it to do inside of America.

The world is becoming more complicated every day, my fellow citizens. No man ought to be foolish enough to think that he understands it all. And, therefore, I am glad that there are some simple things in the world. One of the simple things is principle. Honesty is a perfectly simple thing. It is hard for me to believe that in most circumstances when a man has a choice of ways he does not know which is the right way and which is the wrong way. No man who has chosen the wrong way ought even to come into Independence Square; it is holy ground which he ought not to tread upon. He ought not to come where immortal voices have uttered the great sentences of such a document as this Declaration of Independence upon which rests the liberty of a whole nation.

And so I say that it is patriotic sometimes to prefer the honor of the country to its material interest. Would you rather be deemed by all the nations of the world incapable of keeping your treaty obligations in order that you might have free tolls for American ships? The treaty under which we gave up that right may have been a mistaken treaty, but there was no mistake about its meaning.

When I have made a promise as a man I try to keep it, and I know of no other rule permissible to a nation. The most distinguished nation in the world is the nation that can and will keep its promises even to its own hurt. And I want to say parenthetically that I do not think anybody was hurt. I can not be enthusiastic for subsidies to a monopoly, but let those who are enthusiastic for subsidies ask themselves whether they prefer subsidies to unsullied honor.

The most patriotic man, ladies and gentlemen, is sometimes the man who goes in the direction that he thinks right even when he sees half the world against him. It is the dictate of patriotism to sacrifice your-

self if you think that that is the path of honor and of duty: Do not blame others if they do not agree with you. Do not die with bitterness in your heart because you did not convince the rest of the world, but die happy because you believe that you tried to serve your country by not selling your soul. Those were grim days, the days of 1776. Those gentlemen did not attach their names to the Declaration of Independence on this table expecting a holiday on the next day, and that 4th of July was not itself a holiday. They attached their signatures to that significant document knowing that if they failed it was certain that every one of them would hang for the failure. They were committing treason in the interest of the liberty of 3,000,000 people in America. All the rest of the world was against them and smiled with cynical incredulity at the audacious undertaking. Do you think that if they could see this great Nation now they would regret anything that they then did to draw the gaze of a hostile world upon them? Every idea must be started by somebody, and it is a lonely thing to start anything. Yet if it is in you, you must start it if you have a man's blood in you and if you love the country that you profess to be working for.

I am sometimes very much interested when I see gentlemen supposing that popularity is the way to success in America. The way to success in this great country, with its fair judgments, is to show that you are not afraid of anybody except God and his final verdict. If I did not believe that, I would not believe in democracy. If I did not believe that, I would not believe that people can govern themselves. If I did not believe that the moral judgment would be the last judgment, the final judgment, in the minds of men as well as the tribunal of God, I could not believe in popular government. But I do believe these things, and, therefore, I earnestly believe in the democracy not only of America but of every awakened people that wishes and intends to govern and control its own affairs.

It is very inspiring, my friends, to come to this that may be called the original fountain of independence and liberty in America and here drink draughts of patriotic feeling which seem to renew the very blood in one's veins. Down in Washington sometimes when the days are hot and the business presses intolerably and there are so many things to do that it does not seem possible to do anything in the way it ought to be done, it is always possible to lift one's thought above the task of the moment and, as it were, to realize that great thing of which we are all parts, the great body of American feeling and American principle. No man could do the work that has to be done in Washington if he allowed himself to be separated from that body of principle. He must make himself feel that he is a part of the people of the United States, that he is trying to think not only for them,

but with them, and then he can not feel lonely. He not only can not feel lonely but he can not feel afraid of anything.

My dream is that as the years go on and the world knows more and more of America it will also drink at these fountains of youth and renewal; that it also will turn to America for those moral inspirations which lie at the basis of all freedom; that the world will never fear America unless it feels that it is engaged in some enterprise which is inconsistent with the rights of humanity; and that America will come into the full light of the day when all shall know that she puts human rights above all other rights and that her flag is the flag not only of America but of humanity.

What other great people has devoted itself to this exalted ideal? To what other nation in the world can all eyes look for an instant sympathy that thrills the whole body politic when men anywhere are fighting for their rights? I do not know that there will ever be a declaration of independence and of grievances for mankind, but I believe that if any such document is ever drawn it will be drawn in the spirit of the American Declaration of Independence, and that America has lifted high the light which will shine unto all generations and guide the feet of mankind to the goal of justice and liberty and peace.

EXECUTIVE ORDERS

[To require ocean-going vessels to be fitted with wireless apparatus.]

THE WHITE HOUSE, *July 9, 1914.*

By virtue of the authority vested in me, I hereby establish the following order for the Canal Zone:

Section 1. From and after the first day of July, 1915, it shall be unlawful for any ocean-going steamer of the United States, or of any foreign country, carrying fifty or more persons including passengers and crew, to leave or attempt to leave any port of the Canal Zone unless such steamer shall be equipped with an efficient apparatus for radio communication in good working order in charge of a person skilled in the use of such apparatus, which apparatus shall be capable of transmitting and receiving messages for a distance of at least one hundred miles, night or day: provided, that the provisions of this order shall not apply to steamers plying only between the Canal Zone and ports less than two hundred miles therefrom.

Sec. 2. The master or other person being in charge of such vessel which leaves or attempts to leave any port of the Canal Zone in violation of any of the provisions of this order shall, upon conviction, be fined in a sum not to exceed Five Thousand Dollars ($5,000.00), and any such fine shall be a lien upon such vessel, and the vessel may be liable therefor in the District Court of the Canal Zone, and the leav-

ing or attempting to leave by any vessel from each and every port of the Canal Zone shall constitute a separate offense.

Sec. 3. This order shall take effect from and after this date.

WOODROW WILSON.

[Establishing Smith Island Reservation for the protection of native birds.]

THE WHITE HOUSE, *June 6, 1914.*

It is hereby ordered that Smith and Minor Islands, situated approximately in latitude 48° 19′ North, longitude 122° 50′ West from Greenwich, as shown on United States Coast Survey chart No. 6380, in the Strait of Juan de Fuca, about fourteen miles north by west from Port Townsend, Washington, be and the same are hereby reserved and set apart for the use of the Department of Agriculture as a preserve, breeding ground and winter sanctuary for native birds. This order is not intended to abrogate the order of September 11, 1854, reserving these islands for lighthouse purposes, nor shall it in any manner interfere with such use of the islands, but rather, in addition to such use, shall insure the protection of the native birds thereon.

It is unlawful for any person to hunt, trap, capture, wilfully disturb or kill any bird of any kind whatever, or take the eggs of any such bird within the limits of this reserve, except under such rules and regulations as may be prescribed by the Secretary of Agriculture.

Warning is expressly given to all persons not to commit any of the acts herein enumerated, under the penalties of Section 84 of the U. S. Penal Code, approved March 4, 1909, 35 Stat., 1088.

This reserve to be known as Smith Island Reservation.

WOODROW WILSON.

[Amending the Civil Service Rules providing for the appointment of aliens when no citizens are available.]

THE WHITE HOUSE, *July 25, 1914.*

Section 1 of Rule V is hereby amended by adding thereto the following proviso:

Provided, That when an examination has been duly announced to fill a vacancy and there is a lack of eligibles who are citizens, the Commission may, in its discretion, examine persons who are not citizens, but they shall not be certified for appointment so long as citizens are eligible.

As amended this section will read:

1. No person shall be admitted to examination unless he be a citizen of or owe allegiance to the United States: *Provided,* That when an examination has been duly announced to fill a vacancy and there is a lack of eligibles who are citizens, the Commission may, in its discretion, examine persons who are not citizens, but they shall not be certified for appointment so long as citizens are eligible.

This order merely transfers to the civil service rules a provision of an Executive order of June 13, 1906.

WOODROW WILSON.

[Governing the inspection of returns of corporations, joint stock companies, associations, or insurance companies.]

THE WHITE HOUSE, *July 28, 1914.*

Pursuant to the provisions of Section 2 of the Tariff Act of October 3, 1913, said section providing for an income tax, and which contains in paragraph G, sub-paragraph (d) the following provision,

> "When the assessment shall be made, as provided in this section, the returns, together with any corrections thereof which may have been made by the Commissioner, shall be filed in the office of the Commissioner of Internal Revenue and shall constitute public records and be open to inspection as such: Provided, That any and all such returns shall be open to inspection only upon the order of the President, under rules and regulations to be prescribed by the Secretary of the Treasury and approved by the President: Provided further, That the proper officers of any State imposing a general income tax may, upon the request of the governor thereof, have access to said returns or to any abstract thereof, showing the name and income of each such corporation, joint stock company, association or insurance company, at such times and in such manner as the Secretary of the Treasury may prescribe,"

it is hereby ordered, that all such returns shall be subject to inspection in accordance and upon compliance with rules and regulations prescribed by the Secretary of the Treasury and approved by the President, bearing even date herewith.

WOODROW WILSON.

[This order was accompanied by a ruling of the Secretary of the Treasury, Wm. G. McAdoo, approved by President Wilson, to the effect that returns of individuals are not open to the inspection of any one except the proper officers and employees of the Treasury Department.]

[Establishing a wireless telegraph station in the Canal Zone for use of the Navy.]

THE WHITE HOUSE, *July 30, 1914.*

The area of land hereinafter described, situated in the Canal Zone, is hereby set apart and assigned to the uses and purposes of a radio station and other naval purposes under the control of the Secretary of the Navy; but said area shall be subject to the civil jurisdiction of the Canal Zone authorities in conformity with the Panama Canal Act.

The said area is described as Darien Naval Radio Station and is shown by the blue print No. 3846, dated March 30, 1914, issued by the Department of Construction and Engineering, Isthmian Canal Commission, office of the Assistant to the Chief Engineer.

WOODROW WILSON.

[For the relief, protection and transportation home of Americans in Europe at the outbreak of the European war of 1914.]

THE WHITE HOUSE, *August 5, 1914.*

To the end that there may be proper co-operation as between the Departments of State, Treasury, War and Navy in the accomplishment of the desired results in connection with the relief, protection and transportation of American citizens abroad made necessary by existing disturbed conditions in Europe, it is directed:

1. The heads of the Departments named will co-operate and co-ordinate their work to the extent possible under the general provisions of this order and in accordance with such further instructions as may be given.

2. The Secretary of the Navy will despatch such ships to such ports as may be determined upon for the purpose of carrying those detailed from the various Departments for relief work, together with supplies and money.

3. The Secretary of War will detail officers for the purpose of organizing and conducting the relief work among, and the transportation of, the refugees. He will attend to the chartering of ships, arranging for transportation, payment therefor by those able to pay, and the proper handling of the destitute, after obtaining all the information possible and availing himself of the services of each of the other Departments who can aid in these respects.

4. The Secretary of the Treasury will make arrangements for handling the funds, determining, after such consultation as may be necessary, how much shall be shipped abroad and how the sums which will be required to be expended by the other Departments shall be drawn against and accounted for. He will make arrangements for fiscal agencies at such points in England and on the Continent as may be practicable, and he will provide means for making available for American citizens in Europe and England moneys furnished by their friends, relatives, and banking and express companies in this country.

5. The Secretary of State will detail such diplomatic agents as may be necessary, including an adviser upon diplomatic procedure and law, to accompany the Assistant Secretary of War on the first shipment to sail for the other side. He will use all avenues of communication available to gather and distribute all obtainable facts.

For the purpose of having a complete and unconfused record, all

communications to the Navy ship to carry the Assistant Secretary of War and the Army officers will be sent to the Secretary of War, and by him sent to the Navy Department for transmission. This, of course, refers to the relief work, and not to orders to Naval officers, etc.

6. The heads of the Departments above referred to will keep in constant communication with each other and endeavor to agree upon and arrange every question which arises, advising with the President wherever necessary and securing his directions.

WOODROW WILSON.

[To enforce neutrality of wireless stations.]

THE WHITE HOUSE, *August 5, 1914.*

Whereas Proclamations having been issued by me declaring the neutrality of the United States of America in the wars now existing between various European nations; and

Whereas it is desirable to take precautions to insure the enforcement of said Proclamations in so far as the use of radio communication is concerned;

It is now ordered, by virtue of authority vested in me to establish regulations on the subject, that all radio stations within the jurisdiction of the United States of America are hereby prohibited from transmitting or receiving for delivery messages of an unneutral nature, and from in any way rendering to any one of the belligerents any unneutral service, during the continuance of hostilities.

The enforcement of this order is hereby delegated to the Secretary of the Navy, who is authorized and directed to take such action in the premises as to him may appear necessary.

This order to take effect from and after this date.

WOODROW WILSON.

[Establishing Board of Relief for benefit of Americans stranded abroad during the European war, 1914.]

THE WHITE HOUSE, *August 6, 1914.*

Supplementing the Executive Order signed August 5th, in relation to the Relief, Protection and Transportation of American Citizens abroad, it is further directed:

That the Secretary of State, the Secretary of the Treasury, the Secretary of War and the Secretary of the Navy be, and they are hereby constituted a Board of Relief to have general charge of the work to be done under and by virtue of joint resolution No. 314, passed August 5th, and that the Secretary of the Treasury be, and he hereby is designated Chairman of said Board.

WOODROW WILSON.

[Relating to the Customs Service and providing for fines for dishonest manifests in the Canal Zone.]

THE WHITE HOUSE, *August 8, 1914.*

By Virtue of the Authority Vested in Me, I Hereby Establish the Following Order for the Canal Zone:

1. If the master of a vessel, arriving at any port in the Canal Zone from a foreign port, shall fail or refuse to produce to the proper officer of the customs, upon demand by him, the ship's manifest and copies thereof, or shall fail or refuse to give a true account of the destination of such vessel, he shall be subject to a fine of not exceeding five hundred dollars.

2. If any merchandise be found on board any vessel arriving in the Canal Zone from a foreign port, which is not included in her manifest, the master of such vessel shall be liable to a penalty equal in amount to the value of the merchandise not manifested, and all such merchandise, belonging to or consigned to the officers or crew of the vessel, shall be forfeited, provided, however, that the penalty authorized by this section shall not be imposed if it should be made to appear to the chief customs officer, at the port of entry, or to the court in which the trial shall be held, that no part of the cargo has been unladened, except as accounted for in the master's report, and that the errors and omissions in the manifest were made without fraud or collusion; in such case the master may be allowed to correct his manifest by means of a post-entry. It shall not be lawful to grant a permit to unload any such merchandise, so omitted from the manifest, before such post-entry or addition to report or manifest has been made.

3. If sea stores are found on board of a vessel arriving at the Canal Zone from a foreign port, which are not specified in the list furnished the boarding officer, or if a greater quantity of such articles is found than that specified in such list, or if any of the articles are landed without a permit being first obtained from the customs officer for that purpose, all of such articles omitted from the list or manifest, or so landed, shall be seized and forfeited, and the master of the vessel shall be liable to a penalty of treble the value of the articles so omitted or landed.

4. The officers of the Bureau of Customs are authorized to administer oaths, and to certify invoices covering shipments of merchandise from the Canal Zone to the United States. In the performance of this duty they shall be governed by the United States Consular regulations, and by the circular instructions concerning the certification of invoices issued to consuls of the United States, insofar as they are applicable, provided, however, that any special instructions heretofore issued, or which may be issued by the Treasury Department, concerning the certification of invoices in the Canal Zone, shall be complied with.

5. Any person violating any of the customs laws, or the customs rules and regulations established, or to be established, by the Governor of The Panama Canal in conformity with existing laws and orders, shall be subject to a fine not exceeding five hundred dollars for each violation of such regulations.

6. This order shall take effect from and after this date.

WOODROW WILSON.

[Giving the Treasury Department full authority over all customs officers in the enforcement of the neutrality laws during emergency.]

THE WHITE HOUSE, *August 8, 1914.*

In order to secure a more prompt and effective enforcement of the neutrality laws to meet the emergent conditions now existing, it is hereby ordered that all instructions to customs officers concerning the enforcement of the neutrality laws of the United States, shall, until otherwise directed, be issued by the Treasury Department.

WOODROW WILSON.

[Relating to Postal Crimes in the Canal Zone.]

THE WHITE HOUSE, *August 14, 1914.*

By virtue of the authority vested in me, I hereby establish the following order for the Canal Zone:

Section 1. The Postal Laws and Regulations of the United States, not locally inapplicable, which define crimes against the Postal Service, and prescribe punishments therefor, are hereby extended to the Canal Zone, and shall be enforceable in the courts of the Canal Zone in the manner and form prescribed for other criminal cases by the Canal Zone laws.

Section 2. This order shall take effect from and after this date.

WOODROW WILSON.

[To require security for costs in civil cases in the Canal Zone.]

THE WHITE HOUSE, *August 14, 1914.*

By virtue of the authority vested in me, I hereby establish the following order for the Canal Zone:

Section 1. The plantiff in any civil suit, or special proceeding, may be ruled to give security for the costs upon motion of the defendant, or of any officer of the court interested in the costs accruing in such suit; and if such rule be entered against the plaintiff, and he fail to comply therewith, within the time prescribed by the court or judge thereof, the suit shall be dismissed.

A new or additional undertaking may be ordered within such time as the court or judge may prescribe, upon proof that the original undertaking is insufficient security, and failure on the part of the plaintiff to comply with the order of the court, or judge, within the time prescribed, shall cause the dismissal of the suit.

This section shall apply to suits in the magistrates' courts, as well as in the district court.

The security for costs required by this section may consist of a money deposit, bond of a surety company, or cost bond with two or more good and sufficient sureties; the form of such security to be determined by the judge or magistrate of the court before whom the proceedings are pending.

Section 2. All bonds given as security for costs shall authorize judgment against all of the obligors of said bonds for such costs, to be entered in the final judgment of the case or special proceedings.

Section 3. Any party to a suit, who is required to give security for costs, may file with the secretary, or his assistant, or with the magistrate, as the case may be, an affidavit to the effect that he is too poor to pay the costs of the court, and is unable to give security therefor. The secretary of the district court, or his assistant, or the magistrate, as the case may be, may contest the inability of the party to pay the costs, or his inability to give security for the same, the contest to be tried before the judge of the district court in cases pending in that court, and before the magistrate in cases pending in one of the magistrates' courts; and the contest shall be heard at such time as the court or magistrate may determine.

If no contest is made upon the affidavit, or if the same is admitted by the court or magistrate after the contest, it shall be the duty of the officers of the court thereafter to issue and serve all processes and perform all duties on behalf of such party as in other cases.

Section 4. The public administrator, and executors, administrators and guardians appointed by the courts of the Canal Zone shall not be required to give security for costs in any suit brought by them in their fiduciary character.

Section 5. No security for costs shall be required of The United States, The Panama Canal, The Canal Zone Government, or any of its dependencies.

Section 6. The provisions of this order, relating to security for costs, shall apply to an intervenor; and shall also apply to a defendant who seeks a judgment against the plaintiff on a counter-claim, after the defendant shall have discontinued his suit.

Section 7. When the costs are secured by the provisions of an attachment or other bond, filed by the party required to give security for costs, no further security shall be required.

Section 8. All laws, orders and decrees, or parts thereof, in

conflict with this order, are hereby repealed, provided, that this order shall not be construed to impair the power conferred upon the courts in respect to costs by Article III of the Executive Order of September 29, 1911, "To Amend Sections 51, 62, and 526, And To Repeal Sections 63 and 529 of The Code of Civil Procedure Of The Canal Zone."

Section 9. This order shall take effect sixty days from this date.

WOODROW WILSON.

[Amending the rules governing the granting of passports.]

THE WHITE HOUSE, *August 14, 1914.*

The Secretary of State is hereby authorized, in his discretion, to issue passports to American citizens abroad, in cases of urgent necessity, upon applications made in their behalf by near relatives or legal representatives in this country. To this extent is amended Section 3 of the Rules Governing the Granting and Issuing of Passports in The United States, dated March 10, 1913.

WOODROW WILSON.

[For a lookout station at Twin Sisters Administrative Site (near Colorado National Forest), Colorado.]

THE WHITE HOUSE, *August 14, 1914.*

Under authority of the Act of Congress approved June 25, 1910 (36 Stat., 847), as amended by the Act of August 24, 1912 (37 Stat., 497), and on the recommendation of the Secretary of Agriculture, it is hereby ordered that the following described tract of land, containing 160 acres, be temporarily withdrawn from settlement, location, sale or entry, except as provided in said Acts, and be reserved for use by the Forest Service as a lookout station in connection with the administration of the Colorado National Forest, said tract being located on the summit of Twin Sisters Mountain, N ½ NW ¼ Section 25, S ½ SW ¼ Section 24, Township 4 North, Range 73 West, 6th P. M., in accordance with the official plat thereof.

WOODROW WILSON.

[To Amend the Executive Order of April 15, 1913, entitled: "Executive Order to Provide Maritime Quarantine Regulations for the Canal Zone and the Harbors of the Cities of Panama and Colon, Republic of Panama."]

THE WHITE HOUSE, *August 14, 1914.*

By virtue of the authority vested in me, I hereby establish the following order for the Canal Zone:

I. The certificate to the form of original bill of health prescribed by section 1 of the Executive Order of April 15, 1913, entitled: "Executive Order to Provide Maritime Quarantine Regulations for the Canal Zone and the Harbors of the Cities of Panama and Colon, Republic of Panama," is hereby amended to read as follows:

> I hereby certify that the vessel has complied with the quarantine rules and regulations of the Panama Canal, and that the vessel leaves this port bound for —— ——, Canal zone, or —— ——, Republic of Panama, via —— ——.
>
> Given under my hand and seal this —— —— day of —— 191—.
>
> (SEAL)
>
> _____
>
> (Signature of Consular Officer.)

II. The certificate to the form of supplemental bills of health prescribed by section 1 of the above mentioned Executive Order is hereby amended to read as follows:

> I certify also that with reference to the passengers, effects and cargo taken on at this port the vessel has complied with the quarantine rules and regulations of the Panama Canal.
>
> Given under my hand and seal this —— —— day of ——, 191—.
>
> (SEAL)
>
> _____
>
> (Signature of Consular Officer.)

III. Section 1 of the above mentioned Executive Order is hereby amended by adding the following paragraph to said section:

> Vessels clearing from a foreign port to a port in the United States, or one of their dependencies, and touching at any port of the Canal Zone, or Panama or of Colon, Republic of Panama, shall not be required to obtain an additional bill of health under the quarantine rules and regulations of the Panama Canal, but it shall be sufficient that such vessel obtain extra copies of the bill of health and of the supplemental bill of health, if any, issued in the foreign port by the officer authorized by the quarantine laws of the United States. Such extra copies of the bill of health, or of the supplemental bill of health, as the case may be, shall be delivered by the Captain of the vessel to the quarantine officer of the Panama Canal upon arrival of the vessel in ports of the Canal Zone, or the ports of Panama or Colon, Republic of Panama.

IV. Section 16 of the said Executive Order is hereby amended by adding thereto the following paragraph:

> The baggage of cabin passengers embarking at infected ports shall be treated as provided in this section for baggage of steerage passengers.

V. The second paragraph of section 19 of the above mentioned Executive Order is hereby amended to read as follows:

> (a) Vessels from the United States or their dependencies; (b) Vessels from foreign ports; (c) Vessels with sickness aboard; (d)

Vessels from Panamanian ports where any quarantinable disease prevails; (e) Vessels from Panamanian ports carrying passengers or articles suspected by the quarantine officer as being capable of conveying the infection of a transmissible disease.

VI. Section 26 of the above mentioned Executive Order is hereby amended to read as follows:

Section 26. The quarantine officer, after his inspection of the vessel and its documents, shall decide whether said vessel, or its personnel or passengers, or any article aboard said vessel is liable to convey any of the following diseases: plague, yellow fever, cholera, smallpox, typhus fever or leprosy; and, if so, such vessel shall be placed in quarantine and forbidden entry until free from such liability of conveying any such diseases, and he shall take such measures in respect to the vessel, its passengers or personnel or of cargo as in his judgment may be required to prevent the entry of such diseases into the Canal Zone, or the cities of Panama or Colon, Republic of Panama.

VII. Section 34 of said Executive Order is hereby amended to read as follows:

Any person violating any of the provisions of these regulations shall be punished by a fine not exceeding Five Hundred Dollars ($500.00), or by imprisonment in jail not exceeding ninety (90) days, or both such fine and imprisonment at the discretion of the court. The punishment herein prescribed shall be imposed by the district court of the Canal Zone.

VIII. This order shall take effect from and after the date upon which the Panama Canal is officially and formally opened for use and operation by the proclamation of the President of the United States.

WOODROW WILSON.

[Temporarily abolishing fees for passports and providing for certification of same.]

THE WHITE HOUSE, *August 14, 1914.*

It is hereby ordered that paragraphs 159 and 160 of the regulations and instructions prescribed for the use of the consular service of the United States and the instructions to the diplomatic officers of the United States be amended to read as follows:

"159. *Fees.*—Until further notice, no fee shall be collected for the issuance of an emergency passport, nor for the execution of the application therefor. This has no reference to a regular passport issued by the Department upon an application made before a Diplomatic or Consular Officer."

"160. *Visa.*—A Diplomatic Officer or a Consular Officer, including a Consular Agent, may visa or verify regularly issued pass-

ports by endorsing thereon the word "Good" in the language of the country and affixing to the endorsement his official signature and seal. A Diplomatic Officer should visa a passport only when there is no American Consulate established in the city where the mission is situated, or when the Consular Officer is absent, or the Government of the country refuses to acknowledge the validity of the Consular Visa. Whenever a passport without signature is presented to be visaed the holder should be required to sign it before it is visaed by a Diplomatic or Consular Officer. Until further notice, no fee shall be collected for the visaing of a passport. No visa shall be attached to a passport after its validity has expired."

Sections 8, 9 and 32 of the Tariff of United States Consular Fees shall be amended to read as follows:

"8. Issuing a passport—Form No. 9—for extending a passport (Fee waived until further notice by Executive Order of August 14, 1914) .....No fee."

"9. Visaing a passport—Form No. 10 (Fee waived until further notice by Executive Order of August 14, 1914) .....No fee."

"32. Administering oath and preparing passport application (Fee waived as to emergency passport applications by Executive Order of August 14, 1914) .....No fee."

This order shall have no effect as to fees collected by diplomatic or consular officers before they shall have actually received notice of its contents.

The Secretary of State may, when he sees fit, without further authorization, terminate the waiver of fees hereby put into effect, and restore the tariff of fees to the condition existing prior to the amendments made herein.

WOODROW WILSON.

NEUTRALITY PROCLAMATIONS

BY THE PRESIDENT OF THE UNITED STATES OF AMERICA

A PROCLAMATION

[Neutrality—Austria-Hungary and Servia, Germany and Russia, and Germany and France.]

Whereas a state of war unhappily exists between Austria-Hungary and Servia and between Germany and Russia and between Germany and France; And Whereas the United States is on terms of friendship and amity with the contending powers, and with the persons inhabiting their several dominions;

And Whereas there are citizens of the United States residing within

the territories or dominions of each of the said belligerents and carrying on commerce, trade, or other business or pursuits therein;

And Whereas there are subjects of each of the said belligerents residing within the territory or jurisdiction of the United States, and carrying on commerce, trade, or other business or pursuits therein;

And Whereas the laws and treaties of the United States, without interfering with the free expression of opinion and sympathy, or with the commercial manufacture or sale of arms or munitions of war, nevertheless impose upon all persons who may be within their territory and jurisdiction the duty of an impartial neutrality during the existence of the contest;

And Whereas it is the duty of a neutral government not to permit or suffer the making of its waters subservient to the purposes of war;

Now, Therefore, I, Woodrow Wilson, President of the United States of America, in order to preserve the neutrality of the United States and of its citizens and of persons within its territory and jurisdiction, and to enforce its laws and treaties, and in order that all persons, being warned of the general tenor of the laws and treaties of the United States in this behalf, and of the law of nations, may thus be prevented from any violation of the same, do hereby declare and proclaim that by certain provisions of the act approved on the 4th day of March, A. D. 1909, commonly known as the "Penal Code of the United States" the following acts are forbidden to be done, under severe penalties, within the territory and jurisdiction of the United States, to wit:—

1. Accepting and exercising a commission to serve either of the said belligerents by land or by sea against the other belligerent.

2. Enlisting or entering into the service of either of the said belligerents as a soldier, or as a marine, or seaman on board of any vessel of war, letter of marque, or privateer.

3. Hiring or retaining another person to enlist or enter himself in the service of either of the said belligerents as a soldier, or as a marine, or seaman on board of any vessel of war, letter of marque, or privateer.

4. Hiring another person to go beyond the limits or jurisdiction of the United States with intent to be enlisted as aforesaid.

5. Hiring another person to go beyond the limits of the United States with intent to be entered into service as aforesaid.

6. Retaining another person to go beyond the limits of the United States with intent to be enlisted as aforesaid.

7. Retaining another person to go beyond the limits of the United States with intent to be entered into service as aforesaid. (But the said act is not to be construed to extend to a citizen or subject of either belligerent who, being transiently within the United States, shall, on

board of any vessel of war, which, at the time of its arrival within the United States, was fitted and equipped as such vessel of war, enlist or enter himself or hire or retain another subject or citizen of the same belligerent, who is transiently within the United States, to enlist or enter himself to serve such belligerent on board such vessel of war, if the United States shall then be at peace with such belligerent.)

8. Fitting out and arming, or attempting to fit out and arm, or procuring to be fitted out and armed, or knowingly being concerned in the furnishing, fitting out, or arming of any ship or vessel with intent that such ship or vessel shall be employed in the service of either of the said belligerents.

9. Issuing or delivering a commission within the territory or jurisdiction of the United States for any ship or vessel to the intent that she may be employed as aforesaid.

10. Increasing or augmenting, or procuring to be increased or augmented, or knowingly being concerned in increasing or augmenting, the force of any ship of war, cruiser, or other armed vessel, which at the time of her arrival within the United States was a ship of war, cruiser, or armed vessel in the service of either of the said belligerents, or belonging to the subjects of either, by adding to the number of guns of such vessels, or by changing those on board of her for guns of a larger calibre, or by the addition thereto of any equipment solely applicable to war.

11. Beginning or setting on foot or providing or preparing the means for any military expedition or enterprise to be carried on from the territory or jurisdiction of the United States against the territories or dominions of either of the said belligerents.

And I do hereby further declare and proclaim that any frequenting and use of the waters within the territorial jurisdiction of the United States by the armed vessels of a belligerent, whether public ships or privateers, for the purpose of preparing for hostile operations, or as posts of observation upon the ships of war or privateers or merchant vessels of a belligerent lying within or being about to enter the jurisdiction of the United States, must be regarded as unfriendly and offensive, and in violation of that neutrality which it is the determination of this government to observe; and to the end that the hazard and inconvenience of such apprehended practices may be avoided, I further proclaim and declare that from and after the fifth day of August instant, and during the continuance of the present hostilities between Austria-Hungary and Servia, and Germany and Russia and Germany and France, no ship of war or privateer of any belligerent shall be permitted to make use of any port, harbor, roadstead, or waters subject to the jurisdiction of the United States from which a vessel of an opposing belligerent (whether the same shall be a ship of war,

a privateer, or a merchant ship) shall have previously departed, until after the expiration of at least twenty-four hours from the departure of such last-mentioned vessel beyond the jurisdiction of the United States. If any ship of war or privateer of a belligerent shall, after the time this notification takes effect, enter any port, harbor, roadstead, or waters of the United States, such vessel shall be required to depart and to put to sea within twenty-four hours after her entrance into such port, harbor, roadstead, or waters, except in case of stress of weather or of her requiring provisions or things necessary for the subsistence of her crew, or for repairs; in any of which cases the authorities of the port or of the nearest port (as the case may be) shall require her to put to sea as soon as possible after the expiration of such period of twenty-four hours, without permitting her to take in supplies beyond what may be necessary for her immediate use; and no such vessel which may have been permitted to remain within the waters of the United States for the purpose of repair shall continue within such port, harbor, roadstead, or waters for a longer period than twenty-four hours after her necessary repairs shall have been completed, unless within such twenty-four hours a vessel, whether ship of war, privateer, or merchant ship of an opposing belligerent, shall have departed therefrom, in which case the time limited for the departure of such ship of war or privateer shall be extended so far as may be necessary to secure an interval of not less than twenty-four hours between such departure and that of any ship of war, privateer, or merchant ship of an opposing belligerent which may have previously quit the same port, harbor, roadstead, or waters. No ship of war or privateer of a belligerent shall be detained in any port, harbor, roadstead, or waters of the United States more than twenty-four hours, by reason of the successive departures from such port, harbor, roadstead, or waters of more than one vessel of an opposing belligerent. But if there be several vessels of opposing belligerents in the same port, harbor, roadstead, or waters, the order of their departure therefrom shall be so arranged as to afford the opportunity of leaving alternately to the vessels of the opposing belligerents, and to cause the least detention consistent with the objects of this proclamation. No ship of war or privateer of a belligerent shall be permitted, while in any port, harbor, roadstead, or waters within the jurisdiction of the United States, to take in any supplies except provisions and such other things as may be requisite for the subsistence of her crew, and except so much coal only as may be sufficient to carry such vessel, if without any sail power, to the nearest port of her own country; or in case the vessel is rigged to go under sail, and may also be propelled by steam power, then with half the quantity of coal which she would be entitled to receive, if dependent upon steam alone, and no coal shall be again supplied to any such ship of war or privateer in the same or any other port, harbor,

roadstead, or waters of the United States, without special permission, until after the expiration of three months from the time when such coal may have been last supplied to her within the waters of the United States, unless such ship of war or privateer shall, since last thus supplied, have entered a port of the government to which she belongs.

And I do further declare and proclaim that the statutes and the treaties of the United States and the law of nations alike require that no person, within the territory and jurisdiction of the United States, shall take part, directly or indirectly, in the said wars, but shall remain at peace with all of the said belligerents, and shall maintain a strict and impartial neutrality.

And I do hereby enjoin all citizens of the United States, and all persons residing or being within the territory or jurisdiction of the United States, to observe the laws thereof, and to commit no act contrary to the provisions of the said statutes or treaties or in violation of the law of nations in that behalf.

And I do hereby warn all citizens of the United States, and all persons residing or being within its territory or jurisdiction that, while the free and full expression of sympathies in public and private is not restricted by the laws of the United States, military forces in aid of a belligerent cannot lawfully be originated or organized within its jurisdiction; and that, while all persons may lawfully and without restriction by reason of the aforesaid state of war manufacture and sell within the United States arms and munitions of war, and other articles ordinarily known as "contraband of war," yet they cannot carry such articles upon the high seas for the use or service of a belligerent, nor can they transport soldiers and officers of a belligerent, or attempt to break any blockade which may be lawfully established and maintained during the said wars without incurring the risk of hostile capture and the penalties denounced by the law of nations in that behalf.

And I do hereby give notice that all citizens of the United States and others who may claim the protection of this government, who may misconduct themselves in the premises, will do so at their peril, and that they can in no wise obtain any protection from the government of the United States against the consequences of their misconduct.

In witness whereof I have hereunto set my hand and caused the seal of the United States to be affixed.

Done at the city of Washington this fourth day of August in the year of our Lord one thousand nine hundred and fourteen, and [SEAL.] of the independence of the United States of America the one hundred and thirty-ninth.

By the President: WOODROW WILSON.

WILLIAM JENNINGS BRYAN, *Secretary of State.*

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By the President of the United States of America

A PROCLAMATION

[Neutrality—Germany and Great Britain.]

Whereas a state of war unhappily exists between Germany and Great Britain; And Whereas the United States is on terms of friendship and amity with the contending powers, and with the persons inhabiting their several dominions;

[Here follows the identical preamble and warning against violation of quoted law as in the proclamation of neutrality in the case of hostilities between Austria-Hungary and Servia, Germany and Russia, and Germany and France. See pages 8349, 8350, 8351, 8352 and 8353.—*Ed.*]

Done at the city of Washington this fifth day of August in the year of our Lord one thousand nine hundred and fourteen, and [SEAL.] of the independence of the United States of America the one hundred and thirty-ninth.

WOODROW WILSON.

By the President:

William Jennings Bryan, *Secretary of State.*

By the President of the United States of America

A PROCLAMATION

[Neutrality—Austria-Hungary and Russia.]

Whereas a state of war unhappily exists between Austria-Hungary and Russia; and Whereas the United States is on terms of friendship and amity with the contending powers, and with the persons inhabiting their several dominions;

[Here follows the identical preamble and warning against violation of quoted law as in the proclamation of neutrality in the case of hostilities between Austria-Hungary and Servia, Germany and Russia, and Germany and France. See pages 8349, 8350, 8351, 8352 and 8353.—*Ed.*]

Done at the city of Washington this seventh day of August in the year of our Lord one thousand nine hundred and fourteen, and [SEAL.] of the independence of the United States of America the one hundred and thirty-ninth.

WOODROW WILSON.

By the President:

William Jennings Bryan, *Secretary of State.*

By the President of the United States of America

A PROCLAMATION

[Neutrality—Great Britain and Austria-Hungary.]

Whereas a state of war unhappily exists between Great Britain and Austria-Hungary; and Whereas the United States is on terms of friendship and amity with the contending powers, and with the persons inhabiting their several dominions;

[Here follows the identical preamble and warning against violation of quoted law as in the proclamation of neutrality in the case of hostilities between Austria-Hungary and Servia, Germany and Russia, and Germany and France. See pages 8349, 8350, 8351, 8352 and 8353.—*Ed.*]

Done at the city of Washington this thirteenth day of August in the year of our Lord one thousand nine hundred and fourteen, [SEAL.] and of the independence of the United States of America the one hundred and thirty-ninth.

WOODROW WILSON.

By the President:

William Jennings Bryan, *Secretary of State.*

By the President of the United States of America

A PROCLAMATION

[Neutrality—France and Austria-Hungary.]

Whereas a state of war unhappily exists between France and Austria-Hungary; And Whereas the United States is on terms of friendship and amity with the contending powers, and with the persons inhabiting their several dominions;

[Here follows the identical preamble and warning against violation of quoted law as in the proclamation of neutrality in the case of hostilities between Austria-Hungary and Servia, Germany and Russia, and Germany and France. See pages 8349, 8350, 8351, 8352 and 8353.—*Ed.*]

Done at the city of Washington this fourteenth day of August in the year of our Lord one thousand nine hundred and fourteen [SEAL.] and of the independence of the United States of America the one hundred and thirty-ninth.

WOODROW WILSON.

By the President:

Wlliam Jennings Bryan, *Secretary of State.*

By the President of the United States of America

A PROCLAMATION

[Neutrality—Belgium and Germany.]

Whereas the United States is in fact aware of the existence of a state of war between Belgium and Germany; And Whereas the United States is on terms of friendship and amity with the contending powers, and with the persons inhabiting their several dominions;

[Here follows the identical preamble and warning against violation of quoted law as in the proclamation of neutrality in the case of hostilities between Austria-Hungary and Servia, Germany and Russia, and Germany and France. See pages 8349, 8350, 8351, 8352 and 8353.—*Ed.*]

Done at the city of Washington this twenty-fourth day of August in the year of our Lord one thousand nine hundred and [seal.] fourteen and of the independence of the United States of America the one hundred and thirty-ninth.

WOODROW WILSON.

By the President:

William Jennings Bryan, *Secretary of State.*

By the President of the United States of America

A PROCLAMATION

[Neutrality—Japan and Germany.]

Whereas a state of war unhappily exists between Japan and Germany; And Whereas the United States is on terms of friendship and amity with the contending powers, and with the persons inhabiting their several dominions;

[Here follows the identical preamble and warning against violation of quoted law as in the proclamation of neutrality in the case of hostilities between Austria-Hungary and Servia, Germany and Russia, and Germany and France. See pages 8349, 8350, 8351, 8352 and 8353.—*Ed.*]

Done at the city of Washington this twenty-fourth day of August in the year of our Lord one thousand nine hundred and [seal.] fourteen and of the independence of the United States of America the one hundred and thirty-ninth.

WOODROW WILSON

By the President:

Willliam Jennings Bryan, *Secretary of State.*

By the President of the United States of America.

A PROCLAMATION.

[Neutrality—Japan and Austria-Hungary.]

Whereas a state of war unhappily exists between Japan and Austria-Hungary; And Whereas the United States is on terms of friendship and amity with the contending powers, and with the persons inhabiting their several dominions;

[Here follows the identical preamble and warning against violation of quoted law as in the proclamation of neutrality in the case of hostilities between Austria-Hungary and Servia, Germany and Russia, and Germany and France. See pages 8349, 8350, 8351, 8352 and 8353.—*Ed.*]

Done at the city of Washington this twenty-seventh day of August in the year of our Lord one thousand nine hundred and fourteen and of the independence of the United States of America the one hundred and thirty-ninth.

[SEAL.]

WOODROW WILSON.

By the President:

W. J. Bryan, *Secretary of State.*

By the President of the United States of America.

A PROCLAMATION.

[Neutrality—Belgium and Austria-Hungary.]

Whereas a state of war unhappily exists between Belgium and Austria-Hungary; And Whereas the United States is on terms of friendship and amity with the contending powers, and with the persons inhabiting their several dominions;

[Here follows the identical preamble and warning against violation of quoted law as in the proclamation of neutrality in the case of hostilities between Austria-Hungary and Servia, Germany and Russia, and Germany and France. See pages 8349, 8350, 8351, 8352 and 8353.—*Ed.*]

Done at the city of Washington this first day of September in the year of our Lord one thousand nine hundred and fourteen and of the independence of the United States of America the one hundred and thirty-ninth.

[SEAL.]

WOODROW WILSON.

By the President:

W. J. Bryan, *Secretary of State.*

AMERICAN NEUTRALITY

[An Appeal by the President of the United States to the Citizens of the Republic, Requesting Their Assistance in Maintaining a State of Neutrality During the European War.]

WASHINGTON, D. C., *August 20, 1914.*

MY FELLOW COUNTRYMEN: I suppose that every thoughtful man in America has asked himself, during these last troubled weeks, what influence the European war may exert upon the United States, and I take the liberty of addressing a few words to you in order to point out that it is entirely within our own choice what its effects upon us will be and to urge very earnestly upon you the sort of speech and conduct which will best safeguard the Nation against distress and disaster.

The effect of the war upon the United States will depend upon what American citizens say and do. Every man who really loves America will act and speak in the true spirit of neutrality, which is the spirit of impartiality and fairness and friendliness to all concerned. The spirit of the Nation in this critical matter will be determined largely by what individuals and society and those gathered in public meetings do and say, upon what newspapers and magazines contain, upon what ministers utter in their pulpits, and men proclaim as their opinions on the street.

The people of the United States are drawn from many nations, and chiefly from the nations now at war. It is natural and inevitable that there should be the utmost variety of sympathy and desire among them with regard to the issues and circumstances of the conflict. Some will wish one nation, others another, to succeed in the momentous struggle. It will be easy to excite passion and difficult to allay it. Those responsible for exciting it will assume a heavy responsibility, responsibility for no less a thing than that the people of the United States, whose love of their country and whose loyalty to its Government should unite them as Americans all, bound in honor and affection to think first of her and her interests, may be divided in camps of hostile opinion, hot against each other, involved in the war itself in impulse and opinion if not in action.

Such divisions among us would be fatal to our peace of mind and might seriously stand in the way of the proper performance of our duty as the one great nation at peace, the one people holding itself ready to play a part of impartial mediation and speak the counsels of peace and accommodation, not as a partisan, but as a friend.

I venture, therefore, my fellow countrymen, to speak a solemn word of warning to you against that deepest, most subtle, most essential breach of neutrality which may spring out of partisanship, out of passionately taking sides. The United States must be neutral in fact

as well as in name during these days that are to try men's souls. We must be impartial in thought, as well as in action, must put a curb upon our sentiments as well as upon every transaction that might be construed as a preference of one party to the struggle before another.

My thought is of America. I am speaking, I feel sure, the earnest wish and purpose of every thoughtful American that this great country of ours, which is, of course, the first in our thoughts and in our hearts, should show herself in this time of peculiar trial a Nation fit beyond others to exhibit the fine poise of undisturbed judgment, the dignity of self-control, the efficiency of dispassionate action; a Nation that neither sits in judgment upon others nor is disturbed in her own counsels and which keeps herself fit and free to do what is honest and disinterested and truly serviceable for the peace of the world.

Shall we not resolve to put upon ourselves the restraints which will bring to our people the happiness and the great and lasting influence for peace we covet for them? WOODROW WILSON.

EXECUTIVE ORDERS

[Appointing Experts for War Risk Insurance in Treasury Department.]

THE WHITE HOUSE, *September 10, 1914.*

Mr. William C. DeLanoy may be appointed Director, and Mr. J. Brooks B. Parker may be appointed Assistant to the Director in the Bureau of War Risk Insurance in the Treasury Department without compliance with Civil Service rules.

The issuance of this order is recommended by the Secretary of the Treasury for the reason that on account of the technical character of the work required, the services of specially qualified men will be necessary in the higher grades and Mr. DeLanoy and Mr. Parker are regarded as Experts in the particular line of work that will be assigned to the new Bureau. WOODROW WILSON.

[Transferring Deadmans Island to the Health Service.]

THE WHITE HOUSE, *August 26, 1914.*

It is hereby ordered that the following-described portion of the Military Reservation of Deadmans Island, situate at Los Angeles harbor, California, be and the same is hereby transferred to the Treasury Department and set aside for the use of the Public Health Service, viz.:

Beginning at U. S. Engineer Station "R," which is U. S. Coast and Geodetic Survey Station "Deadmans Island," thence N. 72° 25′ E. 413.32 feet to a point; thence S. 17° 35′ E. 500 feet to a point; thence S. 72° 25′ W. 522.72 feet to a point; thence N. 17° 35′ W. 500 feet to a point; thence N. 72° 25′ E. 109.4 feet to point of beginning.

Area: 6 acres. WOODROW WILSON.

ADDRESS

[Delivered by President Wilson at a joint session of the two Houses of Congress, September 4, 1914, urging measures to provide additional revenues.]

GENTLEMEN OF THE CONGRESS: I come to you to-day to discharge a duty which I wish with all my heart I might have been spared; but it is a very clear duty, and therefore I perform it without hesitation or apology. I come to ask very earnestly that additional revenue be provided for the Government.

During the month of August there was, as compared with the corresponding month of last year, a falling off of $10,629,538 in the revenues collected from customs. A continuation of this decrease in the same proportion throughout the current fiscal year would probably mean a loss of customs revenues of from sixty to one hundred millions. I need not tell you to what this falling off is due. It is due, in chief part, not to the reductions recently made in the customs duties, but to the great decrease in importations; and that is due to the extraordinary extent of the industrial area affected by the present war in Europe. Conditions have arisen which no man foresaw; they affect the whole world of commerce and economic production; and they must be faced and dealt with.

It would be very unwise to postpone dealing with them. Delay in such a matter and in the particular circumstances in which we now find ourselves as a nation might involve consequences of the most embarrassing and deplorable sort, for which I, for one, would not care to be responsible. It would be very dangerous in the present circumstances to create a moment's doubt as to the strength and sufficiency of the Treasury of the United States, its ability to assist, to steady, and sustain the financial operations of the country's business. If the Treasury is known, or even thought, to be weak, where will be our peace of mind? The whole industrial activity of the country would be chilled and demoralized. Just now the peculiarly difficult financial problems of the moment are being successfully dealt with, with great self-possession and good sense and very sound judgment; but they are only in process of being worked out. If the process of solution is to be completed, no one must be given reason to doubt the solidity and adequacy of the Treasury of the Government which stands behind the whole method by which our difficulties are being met and handled.

The Treasury itself could get along for a considerable period, no doubt, without immediate resort to new sources of taxation. But at what cost to the business of the community? Approximately $75,000,000, a large part of the present Treasury balance, is now on deposit with national banks distributed throughout the country. It is deposited, of course, on call. I need not point out to you what the prob-

able consequences of inconvenience and distress and confusion would be if the diminishing income of the Treasury should make it necessary rapidly to withdraw these deposits. And yet without additional revenue that plainly might become necessary, and the time when it became necessary could not be controlled or determined by the convenience of the business of the country. It would have to be determined by the operations and necessities of the Treasury itself. Such risks are not necessary and ought not to be run. We can not too scrupulously or carefully safeguard a financial situation which is at best, while war continues in Europe, difficult and abnormal. Hesitation and delay are the worst forms of bad policy under such conditions.

And we ought not to borrow. We ought to resort to taxation, however we may regret the necessity of putting additional temporary burdens on our people. To sell bonds would be to make a most untimely and unjustifiable demand on the money market; untimely, because this is manifestly not the time to withdraw working capital from other uses to pay the Government's bills; unjustifiable, because unnecessary. The country is able to pay any just and reasonable taxes without distress. And to every other form of borrowing, whether for long periods or for short, there is the same objection. These are not the circumstances, this is at this particular moment and in this particular exigency not the market, to borrow large sums of money. What we are seeking is to ease and assist every financial transaction, not to add a single additional embarrassment to the situation. The people of this country are both intelligent and profoundly patriotic. They are ready to meet the present conditions in the right way and to support the Government with generous self-denial. They know and understand, and will be intolerant only of those who dodge responsibility or are not frank with them.

The occasion is not of our own making. We had no part in making it. But it is here. It affects us as directly and palpably almost as if we were participants in the circumstances which gave rise to it. We must accept the inevitable with calm judgment and unruffled spirits, like men accustomed to deal with the unexpected, habituated to take care of themselves, masters of their own affairs and their own fortunes. We shall pay the bill, though we did not deliberately incur it.

In order to meet every demand upon the Treasury without delay or peradventure and in order to keep the Treasury strong, unquestionably strong, and strong throughout the present anxieties, I respectfully urge that an additional revenue of $100,000,000 be raised through internal taxes devised in your wisdom to meet the emergency. The only suggestion I take the liberty of making is that such sources of revenue be chosen as will begin to yield at once and yield with a certain and constant flow.

I can not close without expressing the confidence with which I ap-

proach a Congress, with regard to this or any other matter, which has shown so untiring a devotion to public duty, which has responded to the needs of the Nation throughout a long season despite inevitable fatigue and personal sacrifice, and so large a proportion of whose Members have devoted their whole time and energy to the business of the country.

PROCLAMATIONS

By the President of the United States of America.

A PROCLAMATION.

[Convention with Republics of South and Central America for the Arbitration of Pecuniary Claims.]

Whereas a Convention between the United States of America and the Argentine Republic, Brazil, Chile, Colombia, Costa Rica, Cuba, Dominican Republic, Ecuador, Guatemala, Haiti, Honduras, Mexico, Nicaragua, Panama, Paraguay, Peru, Salvador, Uruguay and Venezuela for the arbitration of pecuniary claims, was concluded and signed by their respective Plenipotentiaries at Buenos Aires on the eleventh day of August, one thousand nine hundred and ten, the original of which Convention, being in the Spanish, English, Portuguese, and French languages, is word for word as follows:

1st. The High Contracting Parties agree to submit to arbitration all claims for pecuniary loss or damage which may be presented by their respective citizens and which can not be amicably adjusted through diplomatic channels, when said claims are of sufficient importance to warrant the expense of arbitration.

The decision shall be rendered in accordance with the principles of International Law.

2d. The High Contracting Parties agree to submit to the decision of the permanent Court of Arbitration of The Hague all controversies which are the subject-matter of the present Treaty, unless both parties agree to constitute a special jurisdiction.

If a case is submitted to the Permanent Court of The Hague, the High Contracting Parties accept the provisions of the treaty relating to the organization of that arbitral Tribunal, to the procedure to be followed and to the obligation to comply with the sentence.

3d. If it shall be agreed to constitute a special jurisdiction, there shall be prescribed in the convention by which this is determined the rules according to which the tribunal shall proceed, which shall have cognizance of the questions involved in the claims referred to in Article 1st of the present treaty.

4th. The present Treaty shall come into force immediately after the thirty-first of December, 1912, when the treaty on pecuniary claims,

signed at Mexico, on January 31, 1902, and extended by the treaty signed at Rio de Janeiro, on August 13, 1906, expires.

It shall remain in force indefinitely, as well for the nations which shall then have ratified it as those which shall ratify it subsequently.

The ratifications shall be transmitted to the Government of the Argentine Republic, which shall communicate them to the other contracting parties.

5th. Any of the nations ratifying the present Treaty may denounce it, on its own part, by giving two years' notice in writing, in advance, of its intention so to do.

This notice shall be transmitted to the Government of the Argentine Republic and through its intermediation, to the other contracting parties.

6th. The treaty of Mexico shall continue in force after December 31, 1912, as to any claims which may, prior to that date, have been submitted to arbitration under its provisions.

In witness whereof, the Plenipotentiaries and Delegates sign this Convention and affix to it the seal of the Fourth International American Conference.

Made and signed in the city of Buenos Aires, on the eleventh day of August in the year one thousand nine hundred and ten, in the Spanish, English, Portuguese and French languages, and filed in the Ministry of Foreign Affairs of the Argentine Republic, in order that certified copies may be taken to be forwarded through the appropriate Diplomatic channels to each one of the Signatory Nations.

And whereas, the said Convention has been ratified by the Government of the United States of America, by and with the advice and consent of the Senate thereof, and by the Governments of the Dominican Republic, Guatemala, Honduras, Panama, Nicaragua, and Ecuador and the ratifications of the said Governments have been deposited by their respective Plenipotentiaries with the Government of the Argentine Republic;

Now, therefore, be it known that I, Woodrow Wilson, President of the United States of America, have caused the said Convention to be made public, to the end that the same and every article and clause thereof may be observed and fulfilled with good faith by the United States and the citizens thereof.

In testimony whereof, I have hereunto set my hand and caused the seal of the United States to be affixed.

Done at the City of Washington this twenty-ninth day of July in the year of our Lord one thousand nine hundred and fourteen and of the Independence of the United States of America the one hundred and thirty-ninth.

[SEAL.]

WOODROW WILSON.

By the President:

W. J. BRYAN, *Secretary of State.*

By the President of the United States of America.

A PROCLAMATION.

[Convention with Republics of South and Central America for the Protection of Patents, Designs, and Industrial Models.]

Whereas a Convention between the United States of America and the Argentine Republic, Brazil, Chile, Colombia, Costa Rica, Cuba, Dominican Republic, Ecuador, Guatemala, Haiti, Honduras, Mexico, Nicaragua, Panama, Paraguay, Peru, Salvador, Uruguay and Venezuela for the protection of inventions, patents, designs, and industrial models, was concluded and signed by their respective Plenipotentiaries at Buenos Aires on the twentieth day of August, one thousand nine hundred and ten, the original of which Convention, being in the Spanish, English, Portuguese, and French languages, is word for word as follows:

The subscribing Nations enter into this convention for the protection of patents of invention, designs and industrial models.

Any persons who shall obtain a patent of invention in any of the signatory States shall enjoy in each of the other States all the advantages which the laws relative to patents of invention, designs and industrial models concede. Consequently, they shall have the right to the same protection and identical legal remedies against any attack upon their rights, provided they comply with the laws of each State.

Any person who shall have regularly deposited an application for a patent of invention or design or industrial model in one of the contracting States shall enjoy, for the purposes of making the deposit in the other States, and under the reserve of the rights of third parties, a right of priority during a period of twelve months for patents of invention, and of four months for designs or industrial models.

In consequence of the deposit subsequently made in any other of the signatory States before the expiration of these periods, can not be invalidated by acts performed in the interval, especially by other deposits, by the publication of the invention or its working, or by the sale of copies of the design or of the model.

When, within the terms fixed, a person shall have filed applications in several States for the patent of the same invention, the rights resulting from patents thus applied for shall be independent of each other.

They shall also be independent of the rights arising under patents obtained for the same invention in countries not parties to this Convention.

Questions which may arise regarding the priority of patents of invention, shall be decided with regard to the date of the application for the respective patents in the countries in which they are granted.

The following shall be considered as inventions: A new manner of manufacturing industrial products; a new machine or mechanical or

manual apparatus which serves for the manufacture of said products; the discovery of a new industrial product; the application of known methods for the purpose of securing better results; and every new, original and ornamental design or model for an article of manufacture.

The foregoing shall be understood without prejudice to the laws of each State. Any of the signatory States may refuse to recognize patents for any of the following causes:

(a) Because the inventions or discoveries may have been published in any country prior to the date of the invention by the applicant;

(b) Because the inventions have been registered, published, or described in any country more than one year prior to the date of the application in the country in which the patent is sought;

(c) Because the inventions have been in public use, or have been on sale in the country in which the patent has been applied for, one year prior to the date of said application;

(d) Because the inventions or discoveries are in some manner contrary to morals or laws.

The ownership of a patent of invention comprises the right to enjoy the benefits thereof, and the right to assign or transfer it in accordance with the laws of the country.

Persons who incur civil or criminal liabilities, because of injuries or damage to the rights of inventors, shall be prosecuted and punished, in accordance with the laws of the countries wherein the offence has been committed or the damage occasioned.

Copies of patents certified in the country of origin, according to the national law thereof, shall be given full faith and credit as evidence of the right of priority, except as stated in Article VII.

The treaties relating to patents of invention, designs or industrial models, previously entered into between the countries subscribing to the present Convention, shall be superseded by the same from the time of its ratification in so far as the relations between the signatory States are concerned.

The adhesion of the American Nations to the present Convention shall be communicated to the Government of the Argentine Republic in order that it may communicate them to the other States. These communications shall have the effect of an exchange of ratifications.

A signatory Nation that sees fit to retire from the present convention, shall notify the Government of the Argentine Republic, and one year after the receipt of the communication the force of this Convention shall cease, in so far as the nation which shall have withdrawn its adherence is concerned.

In witness whereof, the Plenipotentiaries have signed the present treaty and affixed thereto the seal of the Fourth International American Conference.

Made and signed in the city of Buenos Aires on the twentieth day

of August in the year one thousand nine hundred and ten, in Spanish, English, Portuguese, and French, and deposited in the Ministry of Foreign Affairs of the Argentine Republic, in order that certified copies be made for transmission to each of the Signatory Nations through the appropriate diplomatic channels.

And whereas, the said Convention has been ratified by the Government of the United States of America, by and with the advice and consent of the Senate thereof, and by the Governments of the Dominican Republic, Guatemala, Cuba, Honduras, Panama, Nicaragua and Ecuador and the ratifications of the said Governments have been deposited by their respective Plenipotentiaries with the Government of the Argentine Republic;

Now, therefore, be it known that I, Woodrow Wilson, President of the United States of America, have caused the said Convention to be made public, to the end that the same and every article and clause thereof may be observed and fulfilled with good faith by the United States and the citizens thereof.

In testimony whereof, I have hereunto set my hand and caused the seal of the United States to be affixed.

Done at the City of Washington this twenty-ninth day of July in the year of our Lord one thousand nine hundred and fourteen and of the Independence of the United States of America the one hundred and thirty-ninth.

[SEAL.]

WOODROW WILSON.

By the President:

W. J. BRYAN, *Secretary of State.*

BY THE PRESIDENT OF THE UNITED STATES OF AMERICA.

A PROCLAMATION.

[Regulations for the Protection of Migratory Birds.]

Whereas, by virtue of the authority and direction contained in the Act of Congress approved March 4, 1913 (37 Stat. 847), entitled "An Act making appropriations for the Department of Agriculture for the fiscal year ending June thirtieth, nineteen hundred and fourteen," the Department of Agriculture has prepared, has finally adopted, and has caused to be engrossed and submitted to the President of the United States for approval, the following regulation:

Regulation 3 of the Regulations for the Protection of Migratory Birds, approved and proclaimed by the President of the United States on October 1, 1913, is hereby amended so as to read as follows:

Regulation 3. Closed Season on Insectivorous Birds.

A closed season on migratory insectivorous birds shall continue throughout each year, except that the closed season on reedbirds

or ricebirds in New Jersey, Pennsylvania, Delaware, Maryland, the District of Columbia, Virginia, and South Carolina, shall commence November 1 and end August 31, next following, both dates inclusive: Provided, That nothing in this or any other of these regulations shall be construed to prevent the issue of permits for collecting birds for scientific purposes in accordance with the laws and regulations in force in the respective States and Territories and the District of Columbia.

And Whereas, the Department of Agriculture after the preparation of said regulation has caused the same to be made public and has allowed a period of three months in which said regulation might be examined and considered before final adoption and has permitted public hearings thereon;

Now, Therefore, I, WOODROW WILSON, President of the United States of America, by virtue of the authority in me vested by the aforesaid Act of Congress, do hereby approve, proclaim and make known the foregoing regulation.

In witness whereof, I have hereunto set my hand and caused the seal of the United States to be affixed.

Done at the city of Washington this thirty-first day of August in the year of our Lord one thousand nine hundred and fourteen and of the independence of the United States the one hundred and thirty-ninth.

[SEAL.]

WOODROW WILSON.

By the President:

W. J. BRYAN, *Secretary of State.*

EXECUTIVE ORDERS

[Combining Manzano and Zuni National Forests in Arizona and New Mexico.]

THE WHITE HOUSE, *September 10, 1914.*

Under authority of the Act of Congress of June 4, 1897 (30 Stat. 11), and upon recommendation of the Secretary of Agriculture, it is hereby ordered that all the lands included within the boundaries of the Zuni National Forest, Arizona and New Mexico, as fixed and defined by proclamation of July 1, 1910, and modified by Executive Order No. 1367 of May 31, 1911, and Executive Order No. 1482 of February 17, 1912, be, and the same hereby transferred to and made a part of the Manzano National Forest.

It is intended by this Executive Order for economy of administration to merge into one national forest, hereafter to be known as the Manzano National Forest, all the lands at the date hereof in the Zuni and Manzano National Forests, and the boundaries of the Manzano

National Forest as they existed at this date are hereby modified accordingly. This Executive Order is not intended to add to the Manzano National Forest any lands which at the date hereof are not embraced in the Zuni National Forest or to release from reservation for national forest purposes any lands at the date hereof within the Zuni National Forest.

WOODROW WILSON.

[To Amend the Canal Zone Law against Gambling.]

THE WHITE HOUSE, *September 19, 1914.*

By virtue of the authority vested in me I hereby establish the following order for the Canal Zone:

Section 1 of Act No. 4, entitled "An Act to Prohibit Gambling in the Canal Zone, Isthmus of Panama, and to Provide for the Punishment of Violations thereof, and for other purposes" enacted by the Isthmian Canal Commission on August 22, 1904, is hereby amended to read as follows:

> Section 1. Every person, within the limits of the Canal Zone, who shall play at any game whatever for any sum of money or other property of value, or shall bet any money or property upon any gambling table, bank, or device, or at or upon any other gambling device, or who shall bet upon any game played at or by means of any such gaming table or gambling device, shall, upon conviction, be fined in any sum not exceeding One Hundred Dollars ($100.00), or by imprisonment in jail not exceeding thirty (30) days, or shall suffer both such fine and imprisonment in the court's discretion.

This order shall take effect thirty days from and after its publication in the Canal Record.

WOODROW WILSON.

[Setting aside Public Land for an Elk Refugee.]

THE WHITE HOUSE, *September 15, 1914.*

Under authority of the Act of Congress approved June 25, 1910 (36 Stat., 847), as amended by the Act of August 24, 1912 (37 Stat., 497), and on the recommendation of the Secretary of Agriculture, it is hereby ordered that the public lands in Sec. 22, T. 41 N., R. 116 W., 6th P. M., Wyoming, be temporarily withdrawn subject to the conditions, provisions and limitations of said acts, in order that the Department of Agriculture may select certain lands therein for use as an elk refuge as provided in the Act of March 4, 1913 (37 Stat., 847).

The Executive Order No. 1814, dated August 25, 1913, withdrawing the therein described lands is hereby revoked in so far as it affects Sec. 1, T. 41 N., R. 116 W., 6th P. M.

WOODROW WILSON.

[To Divide Administrative Site Within Oregon National Forest, Oregon.]

THE WHITE HOUSE, *September 15, 1914.*

On the recommendation of the Secretary of Agriculture it is hereby ordered that the withdrawal of the following described tract of unsurveyed land, containing approximately 40 acres, reserved as a ranger station for the use of the Forest Service in connection with the administration of the Oregon National Forest, Oregon, made by Executive Order (1957) of June 6, 1914, under authority of the Act of Congress approved June 25, 1910 (36 Stat., 847), as amended by the Act of August 24, 1912 (37 Stat., 497), be revoked.

In T. 9 S., R. 8 E., W. M., approximately Sec. 25: Beginning at Corner No. 1, which is the same as the 57 mile post of the west boundary of the Warm Springs Indian Reservation:

Thence South 20 chains to corner No. 2
" East 20 " " " " 3
" North 20 " " " " 4
" West 20 "

to Corner No. 1, the place of beginning. Variation 21° East.

WOODROW WILSON.

[Designating Customs Collection Districts.]

THE WHITE HOUSE, *August 27, 1914.*

Hereafter, under the provisions of the Act of Congress approved August 1, 1914, making appropriations for the Sundry Civil expenses of the Government for the fiscal year ending June thirtieth, nineteen hundred and fifteen, the present Customs Collection Districts are officially designated by numbers and will be known as follows:

District No. 1.—Maine and New Hampshire.
No. 2—Eastern Vermont.
No. 3—Western Vermont.
No. 4—Massachusetts.
No. 5—Rhode Island.
No. 6—Connecticut.
No. 7—St. Lawrence.
No. 8—Rochester.
No. 9—Buffalo.
No. 10—New York.
No. 11—Philadelphia.
No. 12—Pittsburgh.
No. 13—Maryland.
No. 14—Virginia.
No. 15—North Carolina.
No. 16—South Carolina.
No. 17—Georgia.
No. 18—Florida.
No. 19—Mobile.
No. 20—New Orleans.
No. 21—Sabine.
No. 22—Galveston.
No. 23—Laredo.
No. 24—El Paso.
No. 25—Eagle Pass.
No. 26—Arizona.
No. 27—Southern California.
No. 28—San Francisco.
No. 29—Oregon.
No. 30—Washington.
No. 31—Alaska.
No. 32—Hawaii.
No. 33—Montana and Idaho.
No. 34—Dakota.
No. 35—Minnesota.
No. 36—Duluth and Superior.
No. 37—Wisconsin.
No. 38—Michigan.
No. 39—Chicago.
No. 40—Indiana.
No. 41—Ohio.
No. 42—Kentucky.
No. 43—Tennessee.
No. 44—Iowa.
No. 45—St. Louis.
No. 46—Omaha.
No. 47—Colorado.
No. 48—Utah and Nevada.
No. 49—Porto Rico.

WOODROW WILSON.

[Ranger Station for Clear Creek Administrative Site near Coconino National Forest, Arizona.]

THE WHITE HOUSE, *September 15, 1914.*

Under authority of the Act of Congress approved June 25, 1910 (36 Stat., 847), as amended by the Act of August 24, 1912 (37 Stat., 497), and on the recommendation of the Secretary of Agriculture, it is hereby ordered that the E½ NE¼ Section 13, Township 13 North, Range 5 East, G. & S. R. M., containing 80 acres, be temporarily withdrawn from settlement, location, sale or entry, except as provided in said acts, and be reserved for use by the Forest Service as a ranger station in connection with the administration of the Coconino National Forest.

WOODROW WILSON.

[To Amend the Executive Order of March 20, 1914, Relating to Compensation to be Paid to Injured Employees of the Panama Canal and Panama Railroad Company.]

THE WHITE HOUSE, *September 19, 1914.*

By virtue of the authority vested in me, I hereby establish the following order for the Canal Zone:

Section 1. Paragraph E of Section 12, of the Executive Order of March 20, 1914, relating to injury compensation to be paid to employees of The Panama Canal, and the Panama Railroad Company, is hereby amended to read as follows:

> (E) If the deceased employee leaves a parent, either partially or wholly dependent on him for support; or a brother, sister, grand-parent or grand-child, wholly dependent on him for support, there may be paid to such relation monthly such portion or portions of the monthly pay of the employee as may be determined by the Governor of The Panama Canal, provided that the total compensation to all beneficiaries under this and paragraphs A, B, C and D of this section shall not exceed fifty per cent of the monthly pay of the deceased employee, and provided, that in order to make payment to the relatives under this paragraph, the Governor of The Panama Canal may, if necessary, reduce the proportion payable to widow or children under paragraphs A, B, C and D of this section, and, provided further, that payment for the benefit of a relative under this paragraph shall cease if he dies, marries, or, in the opinion of the Governor, becomes capable of self-support, but in no case shall payment continue more than eight years.

This amendment shall be effective from the date the order of March 20, 1914, became effective, viz.: April 1, 1914.

WOODROW WILSON.

ADDRESSES.

[Before the American Bar Association at Continental Hall, Washington, Oct. 20, 1914.]

Mr. President, Gentlemen of the American Bar Association:

I am very deeply gratified by the greeting that your president has given me and by your response to it. My only strength lies in your confidence.

We stand now in a peculiar case. Our first thought, I suppose, as lawyers, is of international law, of those bonds of right and principle which draw the nations together and hold the community of the world to some standards of action. We know that we see in international law, as it were, the moral processes by which law itself came into existence. I know that as a lawyer I have myself at times felt that there was no real comparison between the law of a nation and the law of nations, because the latter lacked the sanction that gave the former strength and validity. And yet, if you look into the matter more closely, you will find that the two have the same foundations, and that those foundations are more evident and conspicuous in our day than they have ever been before.

The opinion of the world is the mistress of the world; and the processes of international law are the slow processes by which opinion works its will. What impresses me is the constant thought that that is the tribunal at the bar of which we all sit. I would call your attention, incidentally, to the circumstance that it does not observe the ordinary rules of evidence; which has sometimes suggested to me that the ordinary rules of evidence had shown some signs of growing antique. Everything, rumor included, is heard in this court, and the standard of judgment is not so much the character of the testimony as the character of the witness. The motives are disclosed, the purposes are conjectured, and that opinion is finally accepted which seems to be, not the best founded in law, perhaps, but the best founded in integrity of character and of morals. That is the process which is slowly working its will upon the world; and what we should be watchful of is not so much jealous interests as sound principles of action. The disinterested course is always the biggest course to pursue not only, but it is in the long run the most profitable course to pursue. If you can establish your character, you can establish your credit.

What I wanted to suggest to this association, in bidding them very hearty welcome to the city, is whether we sufficiently apply these same ideas to the body of municipal law which we seek to administer. Citations seem to play so much larger a rôle now than principle. There was a time when the thoughtful eye of the judge rested upon the changes of social circumstances and almost palpably saw the law

arise out of human life. Have we got to a time when the only way to change law is by statute? The changing of law by statute seems to me like mending a garment with a patch; whereas, law should grow by the life that is in it, not by the life that is outside of it.

I once said to a lawyer with whom I was discussing some question of precedent, and in whose presence I was venturing to doubt the rational validity, at any rate, of the particular precedents he cited, "After all, isn't our object justice?" And he said, "God forbid! We should be very much confused if we made that our standard. Our standard is to find out what the rule has been and how the rule that has been applies to the case that is." I should hate to think that the law was based entirely upon "has beens." I should hate to think that the law did not derive its impulse from looking forward rather than from looking backward, or, rather, that it did not derive its instruction from looking about and seeing what the circumstances of man actually are and what the impulses of justice necessarily are.

Understand me, gentlemen, I am not venturing in this presence to impeach the law. For the present, by the force of circumstances, I am in part the embodiment of the law and it would be very awkward to disavow myself. But I do wish to make this intimation, that in this time of world change, in this time when we are going to find out just how, in what particulars, and to what extent the real facts of human life and the real moral judgments of mankind prevail, it is worth while looking inside our municipal law and seeing whether the judgments of the law are made square with the moral judgments of mankind. For I believe that we are custodians, not of commands, but of a spirit. We are custodians of the spirit of righteousness, of the spirit of equal-handed justice, of the spirit of hope which believes in the perfectibility of the law with the perfectibility of human life itself.

Public life, like private life, would be very dull and dry if it were not for this belief in the essential beauty of the human spirit and the belief that the human spirit could be translated into action and into ordinance. Not entire. You can not go any faster than you can advance the average moral judgments of the mass, but you can go at least as fast as that, and you can see to it that you do not lag behind the average moral judgments of the mass. I have in my life dealt with all sorts and conditions of men, and I have found that the flame of moral judgment burned just as bright in the man of humble life and limited experience as in the scholar and the man of affairs. And I would like his voice always to be heard, not as a witness, not as speaking in his own case, but as if he were the voice of men in general, in our courts of justice, as well as the voice of the lawyers, remembering what the law has been. My hope is that, being stirred to the depths by the extraordinary circumstances of

the time in which we live, we may recover from those depths something of a renewal of that vision of the law with which men may be supposed to have started out in the old days of the oracles, who communed with the intimations of divinity.

[At Y. M. C. A. Celebration, Pittsburgh, Pa., Oct. 24, 1914.]

Mr. President, Mr. Porter, Ladies, and Gentlemen:

I feel almost as if I were a truant, being away from Washington to-day, but I thought that perhaps if I were absent the Congress would have the more leisure to adjourn. I do not ordinarily open my office at Washington on Saturday. Being a schoolmaster, I am accustomed to a Saturday holiday, and I thought I could not better spend a holiday than by showing at least something of the true direction of my affections; for by long association with the men who have worked for this organization I can say that it has enlisted my deep affection.

I am interested in it for various reasons. First of all, because it is an association of young men. I have had a good deal to do with young men in my time, and I have formed an impression of them which I believe to be contrary to the general impression. They are generally thought to be arch radicals. As a matter of fact, they are the most conservative people I have ever dealt with. Go to a college community and try to change the least custom of that little world and find how the conservatives will rush at you. Moreover, young men are embarrassed by having inherited their fathers' opinions. I have often said that the use of a university is to make young gentlemen as unlike their fathers as possible. I do not say that with the least disrespect for the fathers; but every man who is old enough to have a son in college is old enough to have become very seriously immersed in some particular business and is almost certain to have caught the point of view of that particular business. And it is very useful to his son to be taken out of that narrow circle, conducted to some high place where he may see the general map of the world and of the interests of mankind, and there shown how big the world is and how much of it his father may happen to have forgotten. It would be worth while for men, middle-aged and old, to detach themselves more frequently from the things that command their daily attention and to think of the sweeping tides of humanity.

Therefore I am interested in this association, because it is intended to bring young men together before any crust has formed over them, before they have been hardened to any particular occupation, before they have caught an inveterate point of view; while they still have a searchlight that they can swing and see what it reveals of all the circumstances of the hidden world.

I am the more interested in it because it is an association of young

men who are Christians. I wonder if we attach sufficient importance to Christianity as a mere instrumentality in the life of mankind. For one, I am not fond of thinking of Christianity as the means of saving *individual* souls. I have always been very impatient of processes and institutions which said that their purpose was to put every man in the way of developing his character. My advice is: Do not think about your character. If you will think about what you ought to do for other people, your character will take care of itself. Character is a by-product, and any man who devotes himself to its cultivation in his own case will become a selfish prig. The only way your powers can become great is by exerting them outside the circle of your own narrow, special, selfish interests. And that is the reason of Christianity. Christ came into the world to save others, not to save himself; and no man is a true Christian who does not think constantly of how he can lift his brother, how he can assist his friend, how he can enlighten mankind, how he can make virtue the rule of conduct in the circle in which he lives. An association merely of young men might be an association that had its energies put forth in every direction, but an association of Christian young men is an association meant to put its shoulders under the world and lift it, so that other men may feel that they have companions in bearing the weight and heat of the day; that other men may know that there are those who care for them, who would go into places of difficulty and danger to rescue them, who regard themselves as their brother's keeper.

And, then, I am glad that it is an association. Every word of its title means an element of strength. Young men are strong. Christian young men are the strongest kind of young men, and when they associate themselves together they have the incomparable strength of organization. The Young Men's Christian Association once excited, perhaps it is not too much to say, the hostility of the organized churches of the Christian world, because the movement looked as if it were so nonsectarian, as if it were so outside the ecclesiastical field, that perhaps it was an effort to draw young men away from the churches and to substitute this organization for the great bodies of Christian people who joined themselves in the Christian denominations. But after a while it appeared that it was a great instrumentality that belonged to all the churches; that it was a common instrument for sending the light of Christianity out into the world in its most practical form, drawing young men who were strangers into places where they could have companionship that stimulated them and suggestions that kept them straight and occupations that amused them without vicious practice; and then, by surrounding themselves with an atmosphere of purity and of simplicity of life, catch something of a glimpse of the great ideal which Christ lifted when He was elevated upon the cross.

I remember hearing a very wise man say once, a man grown old in the service of a great church, that he had never taught his son religion dogmatically at any time; that he and the boy's mother had agreed that if the atmosphere of that home did not make a Christian of the boy, nothing that they could say would make a Christian of him. They knew that Christianity was catching, and if they did not have it, it would not be communicated. If they did have it, it would penetrate while the boy slept, almost; while he was unconscious of the sweet influences that were about him, while he reckoned nothing of instruction, but merely breathed into his lungs the wholesome air of a Christian home. That is the principle of the Young Men's Christian Association—to make a place where the atmosphere makes great ideals contagious. That is the reason that I said, though I had forgotten that I said it, what is quoted on the outer page of the program—that you can test a modern community by the degree of its interest in its Young Men's Christian Association. You can test whether it knows what road is wants to travel or not. You can test whether it is deeply interested in the spiritual and essential prosperity of its rising generation. I know of no test that can be more conclusively put to a community than that.

I want to suggest to the young men of this association that it is the duty of young men not only to combine for the things that are good, but to combine in a militant spirit. There is a fine passage in one of Milton's prose writings which I am sorry to say I can not quote, but the meaning of which I can give you, and it is worth hearing. He says that he has no patience with a cloistered virtue that does not go out and seek its adversary. Ah, how tired I am of the men who are merely on the defensive, who hedge themselves in, who perhaps enlarge the hedge enough to include their little family circle and ward off all the evil influences of the world from that loved and hallowed group! How tired I am of the men whose virtue is selfish because it is merely self-protective! And how much I wish that men by the hundred thousand might volunteer to go out and seek the adversary and subdue him!

I have had the fortune to take part in affairs of a considerable variety of sorts, and I have tried to hate as few persons as possible, but there is an exquisite combination of contempt and hate that I have for a particular kind of person, and that is the moral coward. I wish we could give all our cowards a perpetual vacation. Let them go off and sit on the side lines and see us play the game; and put them off the field if they interfere with the game. They do nothing but harm, and they do it by that most subtle and fatal thing of all, that of taking the momentum and the spirit and the forward dash out of things. A man who is virtuous and a coward has no marketable virtue about him. The virtue, I repeat, which is merely self-defensive is not ser-

viceable even, I suspect, to himself. For how a man can swallow and not taste bad when he is a coward and thinking only of himself I can not imagine.

Be militant! Be an organization that is going to do things! If you can find older men who will give you countenance and acceptable leadership, follow them; but if you can not, organize separately and dispense with them. There are only two sorts of men worth associating with when something is to be done. Those are young men and men who never grow old. Now, if you find men who have grown old, about whom the crust had hardened, whose hinges are stiff, whose minds always have their eye over the shoulder thinking of things as they *were* done, do not have anything to do with them. It would not be Christian to exclude them from your organization, but merely use them to pad the roll. If you can find older men who will lead you acceptably and keep you in countenance, I am bound as an older man to advise you to follow them. But suit yourselves. Do not follow people that stand still. Just remind them that this is not a statical proposition; it is a movement, and if they can not get a move on them they are not serviceable.

Life, gentlemen—the life of society, the life of the world—has constantly to be fed from the bottom. It has to be fed by those great sources of strength which are constantly rising in new generations. Red blood has to be pumped into it. New fiber has to be supplied. That is the reason I have always said that I believed in popular institutions. If you can guess beforehand who your rulers are going to be, you can guess with a very great certainty that most of them will not be fit to rule. The beauty of popular institutions is that you do not know where the man is going to come from, and you do not care so he is the right man. You do not know whether he will come from the avenue or from the alley. You do not know whether he will come from the city or the farm. You do not know whether you will ever have heard that name before or not. Therefore you do not limit at any point your supply of new strength. You do not say it has got to come through the blood of a particular family or through the processes of a particular training, or by anything except the native impulse and genius of the man himself. The humblest hovel, therefore, may produce you your greatest man. A very humble hovel did produce you one of your greatest men. That is the process of life, this constant surging up of the new strength of unnamed, unrecognized, uncatalogued men who are just getting into the running, who are just coming up from the masses of the unrecognized multitude. You do not know when you will see above the level masses of the crowd some great stature lifted head and shoulders above the rest, shouldering its way, not violently but gently, to the front and saying, "Here am I; follow me." And his voice will be your voice, his

thought will be your thought, and you will follow him as if you were following the best things in yourselves.

When I think of an association of Christian young men I wonder that it has not already turned the world upside down. I wonder, not that it has done so much, for it has done a great deal, but that it has done so little; and I can only conjecture that it does not realize its own strength. I can only imagine that it has not yet got its pace. I wish I could believe, and I do believe, that at 70 it is just reaching its majority, and that from this time on a dream greater even than George Williams ever dreamed will be realized in the great accumulating momentum of Christian men throughout the world. For, gentlemen, this is an age in which the principles of men who utter public opinion dominate the world. It makes no difference what is done for the time being. After the struggle is over the jury will sit, and nobody can corrupt that jury.

At one time I tried to write history. I did not know enough to write it, but I knew from experience how hard it was to find an historian out, and I trusted I would not be found out. I used to have this comfortable thought as I saw men struggling in the public arena. I used to think to myself, "This is all very well and very interesting. You probably assess yourself in such and such a way. Those who are your partisans assess you thus and so. Those who are your opponents urge a different verdict. But it does not make very much difference, because after you are dead and gone some quiet historian will sit in a secluded room and tell mankind for the rest of time just what to think about you, and his verdict, not the verdict of your partisans and not the verdict of your opponents, will be the verdict of posterity." I say that I used to say that to myself. It very largely was not so. And yet it was true in this sense: If the historian really speaks the judgment of the succeeding generation, then he really speaks the judgment also of the generations that succeed it, and his assessment, made without the passion of the time, made without partisan feeling in the matter—in other circumstances, when the air is cool—is the judgment of mankind upon your actions.

Now, is it not very important that we who shall constitute a portion of the jury should get our best judgments to work and base them upon Christian forbearance and Christian principles, upon the idea that it is impossible by sophistication to establish that a thing that is wrong is right? And yet, while we are going to judge with the absolute standard of righteousness, we are going to judge with Christian feeling, being men of a like sort ourselves, suffering the same temptations, having the same weaknesses, knowing the same passions; and while we do not condemn we are going to seek to say and to live the truth. What I am hoping for is that these 70 years have just been a running start, and that now there will be a great rush of Christian

principle upon the strongholds of evil and of wrong in the world. Those strongholds are not as strong as they look. Almost every vicious man is afraid of society, and if you once open the door where he is, he will run. All you have to do is to fight, not with cannon but with light.

May I illustrate it in this way? The Government of the United States has just succeeded in concluding a large number of treaties with the leading nations of the world, the sum and substance of which is this, that whenever any trouble arises the light shall shine on it for a year before anything is done; and my prediction is that after the light has shone on it for a year it will not be necessary to do anything; that after we know what happened, then we will know who was right and who was wrong. I believe that light is the greatest sanitary influence in the world. That, I suppose, is scientific commonplace, because if you want to make a place wholesome the best instrument you can use is the sun; to let his rays in, let him search out all the miasma that may lurk there. So with moral light: It is the most wholesome and rectifying, as well as the most revealing, thing in the world, provided it be genuine moral light; not the light of inquisitiveness, not the light of the man who likes to turn up ugly things, not the light of the man who disturbs what is corrupt for the mere sake of the sensation that he creates by disturbing it, but the moral light, the light of the man who discloses it in order that all the sweet influences of the world may go in and make it better.

That, in my judgment, is what the Young Men's Christian Association can do. It can point out to its members the things that are wrong. It can guide the feet of those who are going astray; and when its members have realized the power of the Christian principle, then they will not be men if they do not unite to see that the rest of the world experiences the same emancipation and reaches the same happiness of release.

I believe in the Young Men's Christian Association because I believe in the progress of moral ideas in the world; and I do not know that I am sure of anything else. When you are after something and have formulated it and have done the very best thing you know how to do, you have got to be sure for the time being that that is the thing to do. But you are a fool if in the back of your head you do not know it is possible that you are mistaken. All that you can claim is that that is the thing as you see it now and that you can not stand still; that you must push forward the things that are right. It may turn out that you made mistakes, but what you do know is your direction, and you are sure you are moving in that way. I was once a college reformer, until discouraged, and I remember a classmate of mine saying, "Why, man, can't you let anything alone?" I said, "I let everything alone that you can show me is not itself moving in the

wrong direction, but I am not going to let those things alone that I see are going downhill"; and I borrowed this illustration from an ingenious writer. He says, "If you have a post that is painted white and want to keep it white, you can not let it alone; and if anybody says to you, 'Why don't you let that post alone?' you will say, 'Because I want it to stay white, and therefore I have got to paint it at least every second year.'" There isn't anything in this world that will not change if you absolutely let it alone, and therefore you have constantly to be attending to it to see that it is being taken care of in the right way and that, if it is part of the motive force of the world, it is moving in the right direction.

That means that eternal vigilance is the price, not only of liberty, but of a great many other things. It is the price of everything that is good. It is the price of one's own soul. It is the price of the souls of the people you love; and when it comes down to the final reckoning you have a standard that is immutable. What shall a man give in exchange for his own soul? Will he sell that? Will he consent to see another man sell his soul? Will he consent to see the conditions of his community such that men's souls are debauched and trodden under foot in the mire? What shall he give in exchange for his own soul, or any other man's soul? And since the world, the world of affairs, the world of society, is nothing less and nothing more than all of us put together, it is a great enterprise for the salvation of the soul in this world as well as in the next. There is a text in Scripture that has always interested me profoundly. It says godliness is profitable in this life as well as in the life that is to come; and if you do not start it in this life, it will not reach the life that is to come. Your measurements, your directions, your whole momentum, have to be established before you reach the next world. This world is intended as the place in which we shall show that we know how to grow in the stature of manliness and of righteousness.

I have come here to bid Godspeed to the great work of the Young Men's Christian Association. I love to think of the gathering force of such things as this in the generations to come. If a man had to measure the accomplishments of society, the progress of reform, the speed of the world's betterment, by the few little things that happened in his own life, by the trifling things that he can contribute to accomplish, he would indeed feel that the cost was much greater than the result. But no man can look at the past of the history of this world without seeing a vision of the future of the history of this world; and when you think of the accumulated moral forces that have made one age better than another age in the progress of mankind, then you can open your eyes to the vision. You can see that age by age, though with a blind struggle in the dust of the road, though often mistaking the path and losing its way in the mire, mankind is yet—

sometimes with bloody hands and battered knees—nevertheless struggling step after step up the slow stages to the day when he shall live in the full light which shines upon the uplands, where all the light that illumines mankind shines direct from the face of God.

LETTER.

[To Mr. Underwood, Commending the Work of the Second Session of the Sixty-third Congress.]

THE WHITE HOUSE, *Washington, October 17, 1914.*

MY DEAR MR. UNDERWOOD:

I can not let this session of Congress close without expressing my warm admiration for the fidelity and intelligence with which the program outlined in April and December of last year has been carried out, and my feeling that the people of the country have been served by the members of this Congress as they have seldom, if ever, been served before. The program was a great one, and it is a matter of deep satisfaction to think of the way in which it has been handled.

It had several distinct parts and many items, but, after all, a single purpose, namely, to destroy private control and set business free. That purpose was manifest enough in the case of the tariff and in the legislation affecting trusts; but, though perhaps less evident upon the surface there, it lay at the very heart of the currency bill, too. May I not add, even though it lies outside the field of legislation, that that, and that chiefly, has been the object of the foreign policy of the Government during the last 18 months?

Private control had shown its sinister face on every hand in America, had shown it for a long time, and sometimes very brazenly, in the trusts and in a virtual domination of credit by small groups of men. The safest hiding place and covert of such control was in the tariff. There it for a long time hid very shrewdly. The tariff was a very complicated matter; none but experts thoroughly understood its schedules. Many of the schedules were framed to afford particular advantages to special groups of manufacturers and investors. That was the soil in which trade combinations and combinations of manufacturers most readily grew, and most rankly. High prices did not spring directly out of the tariff. They sprang out of the suppression of domestic, no less than of foreign, competition by means of combinations and trade agreements which could be much more easily contrived and maintained under the protection of a high tariff than without it. The European war came before the withdrawal of this much-coveted opportunity, for monopoly could show its full effects and active competition bring prices to their normal level again; but it is clear enough already that the reduction of the tariff, the simplification of its schedules so as to cut

away the jungle in which secret agencies had so long lurked, the correction of its inequalities, and its thorough recasting with the single honest object of revenue, were an indispensable first step to reestablishing competition.

The present Congress has taken that step with courage, sincerity, and effectiveness. The lobby by which some of the worst features of the old tariff had been maintained was driven away by the mere pitiless turning on of the light. The principle was adopted that each duty levied was to be tested by the inquiry whether it was put at such a figure and levied in such a manner as to provoke competition. The soil in which combinations had grown was removed lest some of the seeds of monopoly might be found to remain in it. The thing had needed to be done for a long time, but nobody had ventured before to undertake it in systematic fashion.

The panic that the friends of privilege had predicted did not follow. Business has adready adjusted itself to the new conditions with singular ease and elasticity, because the new conditions are in fact more normal than the old. The revenue lost by the import duties was replaced by an income tax which in part shifted the burden of taxation from the shoulders of every consumer in the country, great or small, to shoulders more certainly able to bear it.

We had time to learn from the actual administration of the law that the revenues resulting from the double change would have been abundant had it not been for the breaking out of the present war in Europe, which affects almost every route of trade and every market in the world outside of the United States. Until the war ends, and until its effects upon manufacture and commerce have been corrected we shall have to impose additional taxes to make up for the loss of such part of our import duties as the war cuts off by cutting off the imports themselves—a veritable war tax, though we are not at war; for war, and only war, is the cause of it.

It is fortunate that the reduction of the duties came first. The import duties collected under the old tariff constituted a much larger proportion of the whole revenue of the Government than to the duties under the new. A still larger proportion of the revenue would have been cut off by the war had the old taxes stood, and a larger war tax would have been necessary as a consequence. No miscalculation, no lack of foresight, has created the necessity for the taxes, but only a great catastrophe world-wide in its operation and effects.

With similar purpose and in a like temper the Congress has sought, in the Trade-Commission bill and in the Clayton bill, to make men in a small way of business as free to succeed as men in a big way, and to kill monopoly in the seed. Before these bills were passed the law was already clear enough that monopolies once formed were illegal and could be dissolved by direct process of law and those who had

created them punished as for crime. But there was no law to check the process by which monopoly was built up until the tree was full grown and its fruit developed, or, at any rate, until the full opportunity for monopoly had been created. With this new legislation there is clear and sufficient law to check and destroy the noxious growth in its infancy. Monopolies are built up by unfair methods of competition, and the new Trade Commission has power to forbid and prevent unfair competition, whether upon a big scale or upon a little; whether just begun or grown old and formidable. Monopoly is created also by puting the same men in charge of a variety of business enterprises, whether apparently related or unrelated to one another, by means of interlocking directorates. That the Clayton bill now in large measure prevents. Each enterprise must depend upon its own initiative and effectiveness for success, and upon the intelligence and business energy of the men who officer it. And so all along the line: Monopoly is to be cut off at the roots.

Incidentally, justice has been done the laborer. His labor is no longer to be treated as if it were merely an inanimate object of commerce disconnected from the fortunes and happiness of a living human being, to be dealt with as an object of sale and barter. But that, great as it is, is hardly more than the natural and inevitable corollary of a law whose object is individual freedom and initiative as against any kind of private domination.

The accomplishment of this legislation seems to me a singularly significant thing. If our party were to be called upon to name the particular point of principle in which it differs from its opponents most sharply and in which it feels itself most definitely sustained by experience, we should no doubt say that it was this: That we would have no dealings with monopoly, but reject it altogether; while our opponents were ready to adopt it into the realm of law, and seek merely to regulate it and moderate it in its operation. It is our purpose to destroy monopoly and maintain competition as the only effectual instrument of business liberty.

We have seen the nature of the power of monopoly exhibited. We know that it is more apt to control government than to be controlled by it; for we have seen it control government, dictate legislation, and dominate Executives and courts. We feel that our people are safe only in the fields of free individual endeavor where American genius and initiative are not guided by a few men as in recent years, but made rich by the activities of a multitude, as in days now almost forgotten. We will not consent that an ungovernable giant should be reared to full stature in the very household of the Government itself.

In like manner by the currency bill we have created a democracy of credit such as has never existed in this country before. For a generation or more we have known and admitted that we had the worst

banking and currency system in the world, because the volume of our currency was wholly inelastic; that is, because there was more than enough at certain seasons to meet the demands of commerce and credit, and at other times far too little; that we could not lessen the volume when we needed less nor increase it when we needed more. Everybody talked about the absurd system and its quite unnecessary embarrassments, sure to produce periodic panics; and everybody said that it ought to be changed and changed very radically; but nobody took effective steps to change it until the present Congress addressed itself to the task with genuine resolution and an intelligence which expressed itself in definite action. And now the thing is done.

Let bankers explain the technical features of the new system. Suffice it here to say that it provides a currency which expands as it is needed, and contracts when it is not needed; a currency which comes into existence in response to the call of every man who can show a going business and a concrete basis for extending credit to him, however obscure or prominent he may be, however big or little his business transactions.

More than that, the power to direct this system of credits is put into the hands of a public board of disinterested officers of the Government itself who can make no money out of anything they do in connection with it. No group of bankers anywhere can get control; no one part of the country can concentrate the advantages and conveniences of the system upon itself for its own selfish advantage. The board can oblige the banks of one region to go to the assistance of the banks of another. The whole resources of the country are mobilized, to be employed where they are most needed. I think we are justified in speaking of this as a democracy of credit. Credit is at the disposal of every man who can show energy and assets. Each region of the country is set to study its own needs and opportunities and the whole country stands by to assist. It is self-government as well as democracy.

I understand why it was not possible at this session to mature legislation intended specially for the development of a system for handling rural, or rather, agricultural credits; but the Federal Reserve Act itself facilitates and enlarges agricultural credit in an extraordinary degree. The farmer is as much a partner in the new democracy of credit as the merchant or manufacturer. Indeed, special and very liberal provision is made for his need, as will speedily appear when the system has been a little while in operation. His assets are as available as any other man's, and for credits of a longer term.

There have been many other measures passed of extraordinary importance, for the session has been singularly rich in thoughtful and constructive legislation; but I have mentioned the chief acts for which this Congress will be remembered as very notable, indeed. I did not mean when I began to write to make this letter so long, and even to

mention the other legislation that is worthy of high praise would extend it to an inordinate length. My purpose in writing was merely to express my own great admiration for the industry and the leadership, as well as the wisdom and constructive skill, which has accomplished all these things.

I wish I could speak by name of the many men who have so honorably shared in these distinguished labors. I doubt if there has ever been a finer exhibition of teamwork or of unhesitating devotion to the fulfillment of party pledges—and yet the best of it is that the great measures passed have shown, I venture to say, no partisan bias, but only a spirit of serious statesmanship. I am proud to have been associated with such men, working in such a spirit through so many months of unremitted labor at trying tasks of counsel. It has been a privilege to have a share in such labors. I wish I could express to every one of the Members who have thus cooperated together my personal appreciation of what he has helped to do. This letter may, I hope, serve in some sort as a substitute for that.

I look forward with confidence to the elections. The voters of the United States have never failed to reward real service. They have never failed to sustain a Congress and administration that were seeking, as this Congress and, I believe, this administration, have sought, to render them a permanent and disinterested benefit in the shape of reformed and rectified laws. They know that, extraordinary as the record is which I have cited, our task is not done; that a great work of constructive development remains to be accomplished, in building up our merchant marine, for instance, and in the completion of a great program for the conservation of our natural resources and the development of the water power of the country—a program which has at this session already been carried several steps toward consummation. They know, too, that without a Congress in close sympathy with the administration a whole scheme of peace and honor and disinterested service to the world, of which they have approved, can not be brought to its full realization. I would like to go into the district of every Member of Congress who has sustained and advanced the plans of the party and speak out my advocacy of his claim for reelection. But, of course, I can not do that; and with so clear a record no Member of Congress needs a spokesman. What he has done speaks for itself. If it be a mere question of political fortunes, I believe the immediate future of the party to be as certain as the past is secure.

The Democratic Party is now in fact the only instrument ready to the country's hand by which anything can be accomplished. It is united, as the Republican Party is not; it is strong and full of the zest of sober achievement, and has been rendered confident by carrying out a great constructive program such as no other party has attempted; it

is absolutely free from the entangling alliances which made the Republican Party, even before its rupture, utterly unserviceable as an instrument of reform; its thought, its ambition, its plans are of the vital present and the hopeful future. A practical Nation is not likely to reject such a team, full of the spirit of public service, and substitute, in the midst of great tasks, either a party upon which a deep demoralization has fallen or a party which has not grown to the stature that would warrant its assuming the responsible burdens of state. Every thoughtful man sees that a change of parties made just now would set the clock back, not forward. I have a very complete and very confident belief in the practical sagacity of the American people.

With sincere regard and admiration, faithfully, yours,

WOODROW WILSON.

Hon. OSCAR UNDERWOOD, *House of Representatives, Washington, D. C.*

EXECUTIVE ORDERS.

[Alaskan Townsite Withdrawal No. 4.]

THE WHITE HOUSE, *October 8, 1914.*

Under and pursuant to the provisions of the act of Congress, approved March 12, 1914, entitled "An Act to authorize the President of the United States to locate, construct, and operate railroads in the Territory of Alaska, and for other purposes," it is hereby ordered that the following lands be, and the same are hereby, withdrawn from settlement, location, sale, entry and other disposition, and reserved for townsite purposes, as follows:

All of Sections 22, 23, 26, and 27, in T. 17 N., R. 1 W., Seward Meridian, Territory of Alaska.

WOODROW WILSON.

[Gray's Lake Administrative Site (Near Caribou National Forest) Idaho.]

THE WHITE HOUSE, *October 28, 1914.*

Under authority of the Act of Congress approved June 25, 1910 (36 Stat., 847), as amended by the Act of August 24, 1912 (37 Stat., 497), and on the recommendation of the Secretary of Agriculture, it is hereby ordered that the NE ¼ SE ¼ Sec. 35, T. 4 S., R. 43 E., B. M., containing 40 acres, be temporarily withdrawn from settlement, location, sale or entry, except as provided in said acts, and be reserved for use by the Forest Service as an addition to a ranger station in connection with the administration of the Caribou National Forest, Idaho.

WOODROW WILSON.

By the President of the United States of America.

A PROCLAMATION.

[Thanksgiving—1914.]

It has long been the honoured custom of our people to turn in the fruitful autumn of the year in praise and thanksgiving to Almighty God for his many blessings and mercies to us as a nation. The year that is now drawing to a close since we last observed our day of national thanksgiving has been, while a year of discipline because of the mighty forces of war and of change which have disturbed the world, also a year of special blessing for us.

It has been vouchsafed to us to remain at peace, with honour, and in some part to succour the suffering and supply the needs of those who are in want. We have been privileged by our own peace and self-control in some degree to steady the counsels and shape the hopes and purposes of a day of fear and distress. Our people have looked upon their own life as a nation with a deeper comprehension, a fuller realization of their responsibilities as well as of their blessings, and a keener sense of the moral and practical significance of what their part among the nations of the world may come to be.

The hurtful effects of foreign war in their own industrial and commercial affairs have made them feel the more fully and see the more clearly their mutual interdependence upon one another and has stirred them to a helpful cooperation such as they have seldom practiced before. They have been quickened by a great moral stimulation. Their unmistakable ardour for peace, their earnest pity and disinterested sympathy for those who are suffering, their readiness to help and to think of the needs of others, has revealed them to themselves as well as to the world.

Our crops will feed all who need food; the self-possession of our people amidst the most serious anxieties and difficulties and the steadiness and resourcefulness of our business men will serve other nations as well as our own.

The business of the country has been supplied with new instrumentalities and the commerce of the world with new channels of trade and intercourse. The Panama Canal has been opened to the commerce of the nations. The two continents of America have been bound in closer ties of friendship. New instrumentalities of international trade have been created which will be also new instrumentalities of acquaintance, intercourse, and mutual service. Never before have the people of the United States been so situated for their own advantage or the advantage of their neighbours or so equipped to serve themselves and mankind.

Now, Therefore, I, Woodrow Wilson, President of the United

States of America, do hereby designate Thursday the twenty-sixth of November next as a day of thanksgiving and prayer, and invite the people throughout the land to cease from their wonted occupations and in their several homes and places of worship render thanks to Almighty God.

In witness whereof, I have hereunto set my hand and caused the seal of the United States to be affixed.

Done at the City of Washington this twenty-eighth day of October in the year of our Lord one thousand nine hundred and
[SEAL.] fourteen, and of the Independence of the United States of America the one hundred and thirty-ninth.

WOODROW WILSON.

By the President:

ROBERT LANSING, *Acting Secretary of State.*

BY THE PRESIDENT OF THE UNITED STATES OF AMERICA.

A PROCLAMATION.

[Dispersion of Unlawful Assemblages in Arkansas.]

Whereas by reason of unlawful obstructions, combinations and assemblages of persons, it has become impracticable in the judgment of the President to enforce by the ordinary course of judicial proceedings the laws of the United States within the State of Arkansas and especially within the Western Federal District and in the neighborhood of the towns of Hartford, Midland and Fort Smith in said district;

And whereas for the purpose of enforcing the faithful execution of the laws of the United States and protecting property in the charge of the courts of the United States, the President deems it necessary to employ a part of the military forces of the United States, in pursuance of the statute in that case made and provided;

Now, therefore, I, Woodrow Wilson, President of the United States, do hereby admonish all persons who may be or come within the state, district or towns aforesaid against doing, countenancing, encouraging or taking any part in such unlawful obstructions, combinations and assemblages, and I hereby warn all persons in any manner connected therewith to disperse and retire peaceably to their respective abodes on or before twelve o'clock noon of the sixth day of November instant.

Those who disregard this warning and persist in taking part with a riotous mob in forceably resisting and obstructing the execution of the laws of the United States or interfering with the functions of the Government or destroying or attempting to destroy property in the custody of the courts of the United States or under its directions can not be regarded otherwise than as public enemies.

Troops employed against such combinations and assemblages of persons will act with all the moderation and forbearance consistent with the accomplishment of their duty in the premises; but all citizens must realize that, if they mingle with or become a part of such riotous assemblages, there will be no opportunity for discrimination in the methods employed in dealing with such assemblages. The only safe course, therefore, for those not intentionally participating in such unlawful procedure is to abide at their homes or, at least, not to go or remain in the neighborhood of such riotous assemblages.

In testimony whereof, I have hereunto set my hand and caused the seal of the United States to be affixed.

Done at the City of Washington, this third day of November in the year of our Lord nineteen hundred and fourteen, and of [SEAL.] the Independence of the United States the one hundred and thirty-ninth.

WOODROW WILSON.

By the President:

ROBERT LANSING, *Acting Secretary of State.*

BY THE PRESIDENT OF THE UNITED STATES OF AMERICA.

A PROCLAMATION.

[Neutrality—Great Britain and Turkey.]

Whereas a state of war unhappily exists between Great Britain and Turkey; And Whereas the United States is on terms of friendship and amity with the contending powers, and with the persons inhabiting their several dominions;

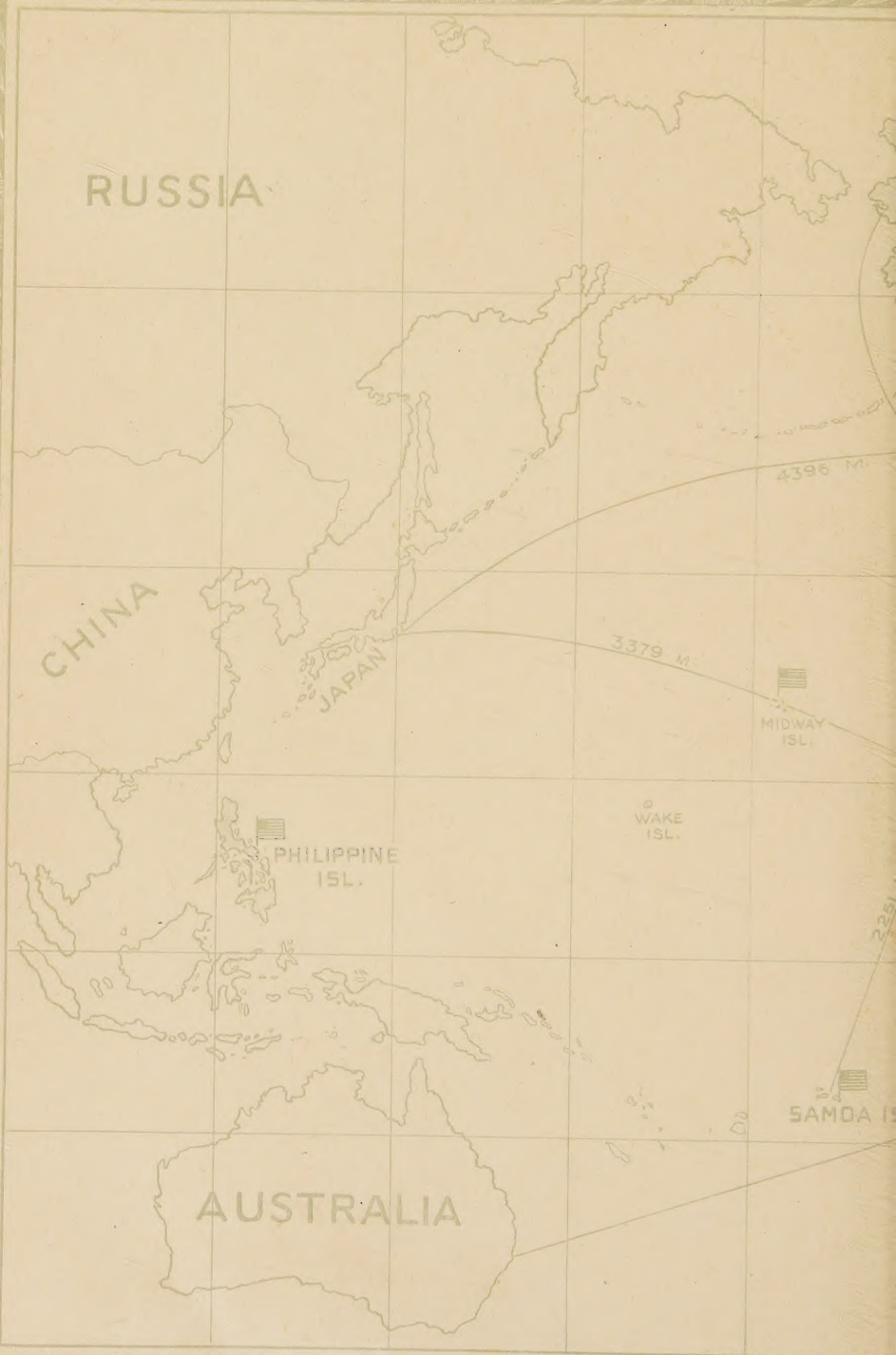
[Here follows the identical preamble and warning against voilation of quoted law as in the proclamation of neutrality in the case of hostilities between Austria-Hungary and Servia, Germany and Russia, and Germany and France. See pages 8349, 8350, 8351, 8352 and 8353.—*Ed.*]

Done at the City of Washington this sixth day of November in the year of our Lord one thousand nine hundred and fourteen [SEAL.] and of the independence of the United States of America the one hundred and thirty-ninth.

WOODROW WILSON.

By the President:

ROBERT LANSING, *Acting Secretary of State.*


RUSSIA
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BOLIVIA
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